Supreme Court, U.S.
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09-776 DEC 29 2009

No. _____

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In The

Supreme Court of the United States

JIM O'NEAL DISTRIBUTING, INC., a corporation,
Petitioner,

v.

ONE INDUSTRIES, LLC,
a limited liability company,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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PETITION FOR WRIT OF CERTIORARI

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December 29, 2009

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QUESTION PRESENTED

Whether the Ninth Circuit's additional procedural requirement that it has superimposed on F.R.C.P. Rule 12(e) for opposing a motion for more definite statement violates basic federal principles of notice pleading and statutory construction, where the additional procedural requirement is that a party is now required to file a motion for reconsideration when the district court makes factual findings based only on the notice pleadings and bars the party from making any allegations contrary to the court's factual findings in any amended pleading.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

Petitioner Jim O'Neal Distributing, Inc. (hereinafter "O'Neal") is a California Corporation. O'Neal has no parent corporation and it issues no stock. No publicly held company has any ownership interest in O'Neal.

Respondent is One Industries, LLC.

Marc Blanchard and Ludovic Boinnard were Third-party-defendants-Appellees in the Ninth Circuit but are not parties to this petition.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Jim O'Neal Distributing, Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit affirming the order of the United States District Court for the Southern District of California that granted Respondent's motion for more definite statement under Federal Rule of Civil Procedure 12(e).

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit is reported at *One Industries, LLC v. Jim O'Neal Distributing, Inc.*, 578 F.3d 1154 (9th Cir. 2009) and reproduced in Petitioner's Appendix (hereinafter "App.") at App. 3-26. The order denying panel rehearing and rehearing *en banc* is unreported and is reproduced at App. 1-2.

The district court's order granting Respondent One Industries, LLC's motion for summary judgment and the judgment thereon is unreported and is reproduced at App. 27-47. The district court's order granting Respondent's motion for more definite statement is unreported and is reproduced at App. 48-62.

JURISDICTION

The judgment of the Ninth Circuit was entered on August 24, 2009. App. 27-47. The Ninth Circuit denied a timely petition for panel rehearing and rehearing *en banc* on October 26, 2009. App. 1-2. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

FEDERAL RULE OF CIVIL PROCEDURE INVOLVED

Rule 12(e) of the Federal Rules of Civil Procedure provides in relevant part:

> A party may move for a more definite statement of a pleading to which a responsive pleading is allowed but which is so vague or ambiguous that the party cannot reasonably prepare a response... If the court orders a more definite statement and the order is not obeyed within 10 days after notice of the order or within the time the court sets, the court may strike the pleading or issue any other appropriate order.

STATEMENT OF THE CASE

A. Factual Background

Established in 1970, Petitioner O'Neal is a leading manufacturer and distributor of motocross apparel, gear, parts and accessories. O'Neal has grown over nearly 40 years to become a worldwide leader in the motocross industry. By 1998 (the relevant period of the alleged infringement), O'Neal occupied approximately 17.5% of the motocross apparel market.[1] App. 6. From

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[1] To put this market share in perspective, 17.5% is about the same as Ford Motor Co.'s share of the U.S. car market in 2006. App. 6. O'Neal sold over $16 million of apparel and helmets bearing its trademarks in 1998. Sales of motocross gloves, boots, jersey, shoulder pads and riding belts bearing O'Neal's trademarks were all in the top 5 in consumer ownership. From 1996 to 2006, retail sales of O'Neal's apparel and helmets soared to over $250 million.

the beginning O'Neal's success was built on a brand cultivated over many years by the investment of millions of dollars in its trademarks. This much is not disputed.

Of particular relevance to this case, O'Neal adopted in 1991 a trademark comprising a stylized O with an apostrophe, called the "O' mark". App. 6. As the O' mark evolved over the years, its font became more modernized but nothing was added to or subtracted from the core elements of the mark:

(1991) (1992) (1993) (1997) (2003)

The two particular iterations at issue in this case are the (1997) "Rounded O' mark" and the (2003) "Angular O' mark".

Respondent One Industries also sells motorcycle racing products and accessories. App. 7. In 1999, One Industries developed the "One Icon mark", which came after the (1997) Rounded O' mark but before the (2003) Angular O' mark. *Id.*

When O'Neal began receiving calls from confused consumers, retailers and manufacturers in late 2005 and early 2006 (App. 40-42), O'Neal demanded that Respondent cease and desist the alleged infringement

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By 2006, O'Neal had sold more than 375,000 helmets bearing its trademarks, for total retail sales of $52 million.

of O'Neal's trademarks,[2] including the O' mark (specifically, the Angular O' mark) that had been in use "for over a decade". App. 8. Respondent subsequently sought declaratory judgment in the United States District Court for the Southern District of California that its One Icon mark did not infringe the O' mark. *Id.* In turn, O'Neal asserted claims for trademark infringement, alleging, *inter alia*, that the One Icon mark infringed the O' mark. *Id.*

B. Course of Proceedings Below

1. District Court Proceedings

Before discovery, Respondent moved for a more definite statement under Federal Rule of Civil Procedure 12(e). App. 55, 60. It alleged that each iteration of the O' mark constituted a legally separate and distinct mark, and therefore O'Neal's infringement claim was vague and ambiguous because it did not identify the particular iteration of the mark that was alleged to be infringed. *Id.*

In opposition to the Rule 12(e) motion, O'Neal responded that no further definite statement was necessary because "O'Neal has used a singular O' mark that has changed slightly over the years....[O]nly one mark is at issue in O'Neal's trademark infringement claim." App. 8, 55. In short, it was O'Neal's contention that the various iterations of the O' mark were all one and the same by virtue of tacking.

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[2] The other mark at issue below is the "O'NEAL" mark, though this mark is not relevant to the issues raised in this petition.

Tacking is a constructive use theory that allows a trademark owner to claim priority to an earlier but technically distinct mark, where the earlier mark is the legal equivalent of the mark in question such that consumers consider both to be the same. *See, e.g., Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1047-48 (9th Cir. 1999). As Professor McCarthy, a leading commentator, teaches,

> The test is one of continuity. A mark can be modified or changed without abandonment or loss of priority if done in such a way that the continuing common element of the mark retains its impact and symbolizes a continuing commercial impression. [footnote omitted] Trademark rights inure in the basic commercial impression created by a mark, not in any particular format or style.

See 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §17:26 (17-46.5) (4th ed. 2008). Tacking is an important and well-settled doctrine of trademark law. The Ninth Circuit itself recognized that permitting a trademark owner to tack by making minor, incremental changes to a mark is good common-sense policy:

> We agree that tacking should be allowed if two marks are so similar that consumers generally would regard them as essentially the same. Where such is the case, the new mark serves the same identificatory function as the old mark. **Giving the trademark owner the same rights in the new mark as he has in the old helps to protect source-identifying**

> **trademarks from appropriation by competitors** and thus furthers the trademark law's objective of reducing the costs that customers incur in shopping and making purchasing decisions....
>
> Without tacking, a trademark owner's priority in his mark would be reduced each time he made the slightest alteration to the mark, which would discourage him from altering the mark in response to changing consumer preferences, evolving aesthetic developments, or new advertising and marketing styles.

See Brookfield Communications, 174 F.3d at 1048 (internal citations omitted and emphasis added).[3]

On Respondent's motion for a more definite statement, the gist of the issue was whether the Rounded O' mark and the Angular O' mark created a continuing commercial impression to motocross consumers and thus were legally the same under the tacking doctrine. This was critical because much of the actual confusion was between the Angular O' mark and the One Icon mark. App. 40-42. The Angular O' mark came after the One Icon mark, but since the Angular O' mark claimed priority to the Rounded O' mark by virtue of tacking, the Angular O' mark was senior to the One Icon mark. App. 9. As such, O'Neal argued that its pleading was neither vague nor ambiguous

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[3] Further, tacking applies to the modernization of a mark. *See, e.g., In re Flex-O-Glass, Inc.*, 194 U.S.P.Q. 203 (T.T.A.B. 1977) (the modernization of a mark in a manner that retains the commercial impression of the previous version does not result in loss of priority of that mark).

under Rule 12(e) because the premise of the infringement claim was that the One Icon mark infringed the composite O' mark, not any one particular iteration. App. 9, 55.

Before any discovery was taken in the case, the district court ruled on the Rule 12(e) motion for more definite statement that the Rounded O' mark and the Angular O' mark were different as a matter of law. App. 60. Because tacking is a question of fact, the legal question was not whether the marks created the same impression to the court but whether they created the same commercial impression to motocross consumers. A question of fact may be resolved as a matter of law only "if reasonable minds cannot differ and the evidence permits only one conclusion." *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006); *see also, Liu v. Republic of China*, F.2d 1419, 1427 (9th Cir. 1989) (a question of fact "becomes a question of law when the facts are undisputed and no conflicting inferences are possible") (internal quotations and citations omitted). Without the benefit of any evidence, the district court held that no reasonable motocross consumer could conclude that and create the same, continuing commercial impression. App. 60.

Accordingly, O'Neal was compelled to amend its answer and counterclaims to assert infringement of the Rounded O' mark. App. 9. This had the practical effect of precluding O'Neal from introducing evidence of actual confusion between the One Icon mark and the Angular O' mark that was developed in subsequent discovery. App. 40-42. As a result, on summary judgment the district court compared the One Icon mark with only the Rounded O' mark, disregarding all

evidence of actual confusion between the One Icon mark and the Angular O' mark. App. 42.

2. Ninth Circuit Proceedings

In a divided panel decision on appeal to the Ninth Circuit, the majority—recognizing that this is a "close case" App. 15—bemoaned the district court's conduct, remarking:

> We sympathize with O'Neal's complaint about the appropriateness of resolving this issue on a Rule 12(e) motion. Because tacking requires a highly fact-sensitive inquiry, the better practice is to resolve it on summary judgment, after full discovery. Here, by contrast, the tacking ruling was locked inside an order granting a motion for a more definite statement.

App. 13.

As Hon. Judge Graber noted in her dissent, "[t]he district court here erred by resolving the tacking question as a matter of law in a motion for a more definite statement, without receiving any evidence or making a supportable finding that reasonable minds could not differ on the issue. The court ruled on the motion on the basis of the parties' moving papers only, without oral argument." App. 25. The district court's decision to rule on the merits of the tacking issue at the pleading stage of the case was particularly confounding where, as the dissent noted, "I am not aware of any precedent in which tacking has been rejected as a matter of law when the two marks are so closely related and alike." App. 26 (n.2).

> Here, both marks involve a non-capital, right-slanted, thick-sided, bold, and stylized "o" with an apostrophe after it at the upper right corner. *See* maj. op. at 11609. The cases cited by the majority, deciding that tacking was not allowed as a matter of law, either occurred after fuller factual development; or involved the **addition, replacement, or subtraction of words or letters** (or a conversion from capital to small letters, or vice versa); or both. Maj. op. at 11609-10. **None of those changes occurred here.**

Id. (emphasis added). The Rounded O' mark and the Angular O' mark have the same sight, sound, and meaning.[4] The two iterations have the have the same composite elements: the letter O and an apostrophe. Both have similar proportion, slant, and font thickness. Both have the same -o- sound. And both have the same abstract meaning (O' as a shorthand for O'Neal). In sum, nothing was added to or subtracted from the core elements of the mark. As Professor McCarthy explains, "[b]ecause small changes in trademark format are a minor element on which to base a drastic hold of abandonment, the courts hardly ever find abandonment where the key element of the mark continues through new formats." *See* 3 McCarthy, *supra* at § 17:27-28.[5]

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[4] Tacking is based on the same tripartite "sight, sound, and meaning" test used for determining a likelihood of confusion. *See Dreamwerks Production Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1130 (9th Cir. 1998).

[5] For example, myriad of famous marks such as Coca-Cola, Pepsi, and IBM have been modernized over the years just like the O' mark. *See* McCarthy, § 17:28. The weight of case law holds that a

Yet, even though "the two marks are so closely related and alike" and notwithstanding the total absence of fact or evidence at that stage of the litigation, the Ninth Circuit affirmed the district court's ruling on the motion for more definite statement. Since a question of fact may be resolved as a matter of law only "if reasonable minds cannot differ and the evidence permits only one conclusion" *Quiksilver*, 466 F.3d at 759, the dissent rightly noted that "it would have been impossible for the district court to conclude that reasonable minds could not differ and that the evidence permitted only one conclusion regarding tacking." App. 26.

> The order granting the motion states only that the "Court is unpersuaded by O'Neal's claim that it uses only one mark that has been slightly altered over the years." That conclusory statement, unsupported by any evidence in the record at that time, is not enough to decide the highly fact-dependent question of tacking as a matter of law.

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change in lettering style does not constitute abandonment or preclude tacking, particularly where the lettering is merely *modernized*. *See, e.g.*, *Drexel Enterprises, Inc. v. Richardson*, 312 F.2d 525 (10th Cir. 1962) ("A mere change in [letter] form of a mark is not of itself an abandonment of the previous form or of a trademark."); *John B. Stetson Co. v. Playboy of Miami, Inc.*, 154 U.S.P.Q. 63 (TTAB 1967); *Jay-Zee, Inc. v. Hartfield-Zodys, Inc.*, 207 U.S.P.Q. 269 (TTAB 1980) (change from script to "shadowed" block letters).

Id. The district court's ruling on the motion for more definite statement was plainly inconsistent with the high standard for resolving questions of fact as matter of law that is articulated in cases such as *Quiksilver*.

Nonetheless, a majority of the Ninth Circuit panel affirmed the district court's Rule 12(e) order. App. 24. And there's the rub: It deemed that O'Neal "acquiesced" in the decision by not "ask[ing] the district court to postpone ruling until after discovery. Nor did O'Neal move for reconsideration." App. 13.

> For this reason, we disagree with the dissent's assertion that the district court erred "by resolving the tacking question as a matter of law in a motion for a more definite statement, without receiving any evidence or making a supportable finding that reasonable minds could not differ on the issue." Dissent at 11619. As discussed above, O'Neal did not object to resolving the issue during a pre-discovery Rule 12(e) motion.

Id. (n.1). The Ninth Circuit effectively imposed new procedural requirements onto Rule 12(e) that violate the policies and principles of the pleading rules.

REASONS FOR GRANTING THE WRIT

This case presents a single, concise question of practical importance for review: whether the Ninth Circuit's published decision in this case conflicts with basic principles of notice pleading by imposing new procedural requirements on Federal Rule of Civil Procedure 12(e).

The question presented arises out of the district court's ruling below on a core factual issue of the case as a matter of law on a motion for a more definite statement. Without receiving evidence or making a supportable finding that reasonable minds could not differ on the issue, the court decided the highly factual issue of trademark tacking as a matter of law under Rule 12(e) before any discovery had been taken in the case. Though the Ninth Circuit recognized that the district court violated fundamental principles of notice pleading by deciding such a "highly fact-sensitive inquiry" as a matter of law before discovery, it nonetheless affirmed the ruling because it deemed Petitioner, the non-moving party, to have acquiesced by "not object[ing] to resolving the issue during a pre-discovery Rule 12(e) motion." App. 13 (n.1). Under the plain language of Rule 12(e) and in accordance with widely-established precedent, the limited remedy on a motion for more definite statement is simply to require the claimant to make a more definite statement that satisfies the liberal requirements of notice pleading. Under the Ninth Circuit's holding in this case, a party opposing a motion for more definite statement now has an obligation to ask that the Rule 12(e) motion be heard after discovery or otherwise request reconsideration. There is nothing in Rule 12(e) to justify these additional requirements. It is a gross and impermissible re-writing of Rule 12(e) for the Ninth Circuit to hold that a party must make procedural objections or else be deemed to acquiesce to any ruling on the merits of a motion for more definite statement. The Ninth Circuit's decision raises questions of exceptional importance regarding the scope of Rule 12(e) that implicate the most basic principles of the pleading rules. The Court should grant certiorari because the Ninth Circuit's published decision Rule

12(e) is not only inconsistent with fundamental principles of notice pleading, it is deeply at odds with this Court's precedent.

Ever since the Federal Rules of Civil Procedure were established in 1938, a plaintiff has only the duty to put the defendant on notice of the nature of his action. It is left to "discovery and the other pretrial procedures established by the Rules to disclose more precisely the basis of both claim and defense and to define more narrowly the disputed facts and issues." *Conley v. Gibson*, 355 U.S. 41, 47-48 (1957); *see also, Scheuer v. Rhodes*, 416 U.S 232, 236 (1974) (in appraising the sufficiency of a complaint, it "should be construed favorably to the pleader"). Hence, the limited "remedy for an allegation lacking sufficient specificity to provide adequate notice is, of course, a Rule 12(e) motion for a more definite statement." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 590 n.9 (2007).

Rule 12(e) provides that a party "may move for a more definite statement of a pleading....which is so vague or ambiguous that the party cannot reasonably prepare a response." Fed. R. Civ. Proc. 12(e). The rule for more definite statement is to be read in conjunction with the liberal notice pleading requirements of Rule 8(a). *See, e.g., Mitchell v. E-Z Way Towers, Inc.*, 269 F.2d 131, 132 (5th Cir. 1959). As this Court has noted, the purpose of Rule 8(a) is merely to "give the defendant fair notice of what the ... claim is and the grounds upon which it rests." *Bell Atl. Corp.*, *supra*, 550 U.S. at 555 (internal quotations and citations omitted).

Since Rule 12(e) is to support Rule 8(a) by liberally allowing amendment of the pleading to make a "more definite statement," this Court has warned against the tactical use of the pleading rules to short-circuit litigation on the merits:

> Other provisions of the Federal Rules of Civil Procedure are inextricably linked to Rule 8(a)'s simplified notice pleading standard.... **If a pleading fails to specify the allegations in a manner that provides sufficient notice, a defendant can move for a more definite statement under Rule 12(e) before responding.** Moreover, claims lacking merit may be dealt with through summary judgment under Rule 56. The liberal notice pleading of Rule 8(a) is the starting point of a simplified pleading system, which was adopted to focus litigation on the merits of a claim. *See Conley* [*v. Gibson*, 355 U.S. 41, 48 (1957)] ("The Federal Rules reject the approach that pleading is a game of skill in which one misstep by counsel may be decisive to the outcome and accept the principle that the purpose of pleading is to facilitate a proper decision on the merits").

Swierkiewicz v. Sorema N.A., 534 U.S. 506, 512 (2002) (emphasis added); *see also*, *Mitchell*, 269 F.2d at 132 ("In view of the great liberality of F.R.Civ.P. 8, permitting notice pleading, it is clearly the policy of the Rules that Rule 12(e) should not be used to frustrate this policy by lightly requiring a plaintiff to amend his complaint which under Rule 8 is sufficient to withstand a motion to dismiss."); *Bennett v. Schmidt*, 153 F.3d 516, 519 (7th Cir. 1998) ("Litigants are entitled to discovery before being put to their proof,

and treating the allegations of the complaint as a statement of a party's proof leads to windy complaints and defeats the function of Rule 8."). Because the liberal notice pleading rules operate in conjunction with discovery rules and the summary judgment rule to ascertain genuine factual disputes and viable legal theories, Rule 12(e) cannot be used to resolve evidentiary issues or otherwise dispose of important questions of fact that should be allowed to develop through discovery. *See Mitchell*, 269 F.2d at 132 (Rule 12(e) cannot be used as a substitute for discovery); *see also*, Fed. R. Civ. Proc. 12(e), *Advisory Committee's Notes* ("With respect to preparations for trial, the party is properly relegated to the various methods of examination and discovery provided in the rules for that purpose."). This is why motions for more definite statement are universally disfavored, since fact-sensitive questions are better governed by the other rules of civil procedure.

In *Swierkiewicz*, a unanimous Court emphasized that the liberal pleading rules, intended to focus litigation on the merits of a claim, should not be used to make an end run around the case. Though *Swierkiewicz* involved an employment discrimination suit, the Court's extensive discussion of the pleading rules is highly instructive. The issue in *Swierkiewicz* was whether a complaint in an employment discrimination lawsuit must contain specific facts establishing a *prima facie* case of discrimination. 534 U.S. at 508. There, the Court of Appeals had required the petitioner to plead a *prima facie* case of discrimination in order to survive the respondent's motion to dismiss, even though the complaint in the case satisfied the simple requirements of Rule 8(a). The Court reversed, holding that it was not

appropriate to require a plaintiff to plead facts establishing the merits of the case *before* discovery had been taken since that is not required under the notice pleading system. *Id.* at 510. The Court cautioned:

> Before discovery has unearthed relevant facts and evidence, it may be difficult to define the precise formulation of the required prima facie case in a particular case....
>
> Furthermore, imposing the Court of Appeals' heightened pleading standard in employment discrimination cases conflicts with Federal Rule of Civil Procedure 8(a)(2), which provides that a complaint must include only "a short and plain statement of the claim showing that the pleader is entitled to relief." Such a statement must simply "give the defendant fair notice of what the plaintiff's claim is and the grounds upon which it rests." [internal citation omitted] **This simplified notice pleading standard relies on liberal discovery rules and summary judgment motions to define disputed facts and issues and to dispose of unmeritorious claims.** [internal citations omitted] "The provisions for discovery are so flexible and the provisions for pretrial procedure and summary judgment so effective, that attempted surprise in federal practice is aborted very easily, synthetic issues detected, and the gravamen of the dispute brought frankly into the open for the inspection of the court."

Id. at 512-13 (emphasis added). The core teaching of *Swierkiewicz* (as this Court reiterated in *Bell Atlantic*) is that "[u]nder the relaxed pleading standards of the

Federal Rules, the idea was not to keep litigants out of court but rather to keep them in. The merits of a claim would be sorted out during a flexible pretrial process and, as appropriate, through the crucible of trial." *Bell Atlantic*, 550 U.S. at 575.

The core teaching of *Swierkiewicz* applies to this case. Here, the issue on the motion for more definite statement was not whether the various iterations of the O' mark could be tacked together, but "whether the claimant is entitled to offer evidence to support the claims." *See Scheuer*, 416 U.S at 236. If Respondent had wanted to challenge tacking on the merits, it could have and should have brought a motion under Rule 12(b) or Rule 56.[6] But it did not. Respondent merely sought a more definite statement under Rule 12(e). If the district court deemed O'Neal's pleading to be "so vague or ambiguous" that Respondent could not reasonably prepare a response, then the only appropriate remedy under Rule 12(e) would have been to require O'Neal to plead more definite facts of tacking. No other remedy is contemplated by Rule

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[6] Indeed, in acting outside the bounds of Rule 12(e) to make a substantive ruling of law on the merits of the pleaded claims, the district court effectively made a partial summary adjudication disguised as a ruling for a more definite statement. The district court treated the Rule 12(e) motion as a Rule 56 motion by finding, in effect, that there is no genuine issue of material fact that the alleged O' mark is not a single, evolving mark by virtue of tacking but, rather, that each of its incarnation constitutes a legally discrete and distinct mark. On the motion for more definite statement, where the question was simply whether there were sufficient facts of tacking to support the claim of infringement, the court improperly weighed facts and made a ruling on the merits. Rule 12(e) does not contemplate a court's passing on the merit's of a litigant's claim at the pleading stage.

12(e). As this Court explained in *Scheuer v. Rhodes*, *supra*, "[w]hen a federal court reviews the sufficiency of a complaint, before the reception of any evidence either by affidavit or admissions, its task is necessarily a *limited* one." 416 U.S at 236 (emphasis added); *see also, Bell Atlantic*, 550 U.S. at 583 (Stevens, dissenting). That limited role is simply to determine whether a more definite statement is necessary in the pleading to give adequate notice of what the claim is and the grounds upon which it rests.

Despite the clear guidance *Swierkiewicz*, *Conley*, and *Scheuer*, however, the district court effectively short-circuited the entire case by preemptively ruling that O'Neal must confine its allegations of infringement to a specific incarnation of the mark before discovery could be developed to demonstrate tacking. Without the benefit of any evidence, the court ruled that the Rounded and Angular O' marks were different as a matter of law. It did not allow O'Neal to amend the pleading to state more definite facts of tacking in accordance with the liberal principle and policy of notice pleading; it did not allow O'Neal to develop the merits of the claim in accordance with the flexible rules of discovery; it did not allow the issue to be ultimately decided by factfinders at trial. Petitioner is not aware of another case anywhere in the country where such a critical question of fact is decided on a motion for more definite statement. (And, specifically, no other court has ever decided tacking on a motion for more definite statement.) Just as it would never be proper to resolve infringement (*i.e.* likelihood of confusion) on Rule 12(e), it was not proper to resolve tacking on Rule 12(e), particularly where the question was so "close" as here. App. 26 (n.2). It was improper for the district court here to do so.

The Ninth Circuit recognized that the district court's ruling cannot be squared with this Court's teaching in *Swierkiewicz*, *Conley*, and *Scheuer*, for it noted that, "[b]ecause tacking requires a highly fact-sensitive inquiry, the better practice is to resolve it on summary judgment, after full discovery." Yet it deemed O'Neal to have "acquiesced" in the decision by not "ask[ing] the district court to postpone ruling until after discovery. Nor did O'Neal move for reconsideration." App. 13.

> For this reason, we disagree with the dissent's assertion that the district court erred "by resolving the tacking question as a matter of law in a motion for a more definite statement, without receiving any evidence or making a supportable finding that reasonable minds could not differ on the issue." Dissent at 11619. As discussed above, O'Neal did not object to resolving the issue during a pre-discovery Rule 12(e) motion.

Id. (n.1). By this reasoning, the majority established a *new* standard for Rule 12(e), imposing a burden on a party to object to resolving questions of fact on a pre-discovery Rule 12(e) motion or else 'acquiesce' to its ruling. There is no basis for this in the rule or in the case law. Under Rule 12(e), O'Neal had no reason to object on the merits since the only remedy authorized by Rule 12(e) was for the court to order a more definite statement. It is a wanton and unauthorized expansion of the rule to insert additional procedural requirements (*i.e.* requiring O'Neal to ask the district court to postpone ruling until after discovery or else move for reconsideration) into a rule that is plain on its face. Under the Ninth Circuit's holding, a claimant

must now ask that a motion for more definite statement be heard after discovery or else automatically move for reconsideration if any issue is decided on the merits. Not only is there is absolutely no language in Rule 12(e) that could be interpreted to require these additional requirements, these requirements go against the spirit and letter of the notice pleading rules.

This Court has taught that the pleading rules should not be used to frustrate discovery and the other pretrial procedures established by the Federal Rules. Yet the Ninth Circuit affirmed a ruling that plainly violated the most basic principles of notice pleading. In doing so, it impermissibly added procedural requirements to Rule 12(e), setting a precedent that is deeply at odds with cases such as *Scheuer*, *Conley*, and *Swierkiewicz*. Therefore, its decision should be reviewed.

CONCLUSION

For the reasons stated, the petition for writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX A

FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 08-55316
D.C. No.
CV-06-01133-JAH

[Filed October 23, 2009]

ONE INDUSTRIES, LLC, a limited liability company,
Plaintiff-counter-defendant-Appellee,

v.

JIM O'NEAL DISTRIBUTING, INC., a corporation,
Defendant-counter-claim-3rd-party-plaintiff-Appellant,

v.

MARC BLANCHARD; LUDOVIC BOINNARD,
Third-party-defendants-Appellees.

OPINION

Appeal from the United States District Court
for the Southern District of California
John A. Houston, District Judge, Presiding

Argued and Submitted
May 4, 2009—Pasadena, California

Filed August 24, 2009

Before: John T. Noonan, Diarmuid F. O'Scannlain,
and Susan P. Graber, Circuit Judges.

Opinion by Judge O'Scannlain;
Partial Concurrence and Partial Dissent
by Judge Graber

COUNSEL

R. Joseph Trojan, Trojan Law Offices, Beverly Hills, California, argued the cause for Jim O'Neal Distributing, Inc., and filed the briefs.

Jonathan Hangartner, X-Patents, APC, La Jolla, California, argued the cause for One Industries, LLC, Marc Blanchard, and Ludovic Boinnard and filed the brief.

OPINION

O'SCANNLAIN, Circuit Judge:

We venture into the world of motocross racing to determine whether federal trademark law protects a motorcycle apparel company's use of a stylized "O" on its products.

I

A

Motocross is a popular form of off-road, rough terrain motorcycle racing. Jim O'Neal Distributing, Inc. ("O'Neal"), is a leader in the industry. Founded in 1970, O'Neal equips riders with boots, jerseys, helmets, and other racing indispensables. By 1998, O'Neal had captured 17.5% of the market for motocross apparel and helmets — about the same proportion, according to the record, as Ford's share of the 2006 U.S. car market.

Though motocross racing is all about dirt and dust, O'Neal's success apparently also depended on fashion. In 1991, O'Neal began decorating its products with a stylized O followed by an apostrophe (the "O' mark"). Over the years, O'Neal experimented with different versions of the O' mark. In 1992, O'Neal flattened the original, creating a compressed mark. A year later, O'Neal created a slanted mark. In 1997, O'Neal developed a thicker, boxier O' mark with rounded corners (the "Rounded O' mark"). Finally, in 2003, O'Neal adopted the current O' mark, which abandons the rounded corners of the 1997 mark in favor of an angular approach (the "Angular O' mark"). The

graphical timeline below shows the evolution of O'Neal's O' mark:

(1991) (1992) (1993) (1997) (2003)

O'Neal's products also often feature a stylized "O'NEAL" (the "O'NEAL mark"):

Compared to O'Neal, One Industries, LLC, is a newcomer to the motocross world. Founded in 1997 by a graphic designer, One Industries began by selling stickers and decals. By 2003, One Industries had added helmets and clothing to its product lines, putting it in direct competition with O'Neal.

Style is also a pillar of One Industries' success. In 1999, One Industries developed the "One Icon," which it describes as two interlacing number ones:

Also in 1999, One Industries created the "One Angular" mark:

Like O'Neal, One Industries now uses the One Icon and the One Angular mark on motorcycle-related apparel and headgear.

B

As One Industries grew from a decal and sticker producer to a full-fledged motocross apparel company, it attracted O'Neal's unwelcome eye. In 2006, O'Neal accused One Industries of infringing the 2003 Angular O' mark and the O'NEAL mark. O'Neal asserted that the O' mark had been in use "for over a decade," and the "O'NEAL" mark had been in use "for over thirty-five years."

One Industries did not give an inch, denying that its One Icon and One Angular marks infringed O'Neal's trademarks. One Industries accused O'Neal of falsely representing that its O' mark had been in use for over a decade, pointing out that the Angular O' mark was created in 2003. According to One Industries, the One Icon and One Angular marks, which were created and registered in 1999, are senior to the Angular O' mark. Two days later O'Neal replied, reiterating its position that One Industries' marks infringed the Angular O' mark and the O'NEAL mark.

One Industries subsequently sought a declaratory judgment in the United States District Court for the Southern District of California that the One Icon and One Angular marks did not infringe O'Neal's trademarks. O'Neal, in its answer, asserted six counterclaims for trademark infringement of the O' and O'NEAL marks, trade dress infringement, and unfair competition under California state law. O'Neal also brought a third-party complaint against One

Industries' founders, alleging trademark infringement and trade dress infringement.

Before discovery, One Industries moved for a more definite statement under Federal Rule of Civil Procedure 12(e), claiming that O'Neal's complaint did not identify the particular iteration of its O' mark that was allegedly infringed. In opposition, O'Neal contended that "[t]here is no need for a more definite statement" because "O'Neal has used a singular O' mark that has changed slightly over the years. . . . [O]nly one mark is at issue in O'Neal's trademark infringement claim."

The district court granted One Industries' motion for a more definite statement. It reasoned that "two of the marks alleged to be one have been registered separately and the marks presented appear to this Court to be more than just slightly different." O'Neal accordingly amended its answer and counterclaims to assert infringement of the 1997 Rounded O' mark. Later, the district court granted summary judgment to One Industries on all claims. O'Neal timely appealed.

II

O'Neal primarily contends that the district court erred by refusing to "tack" the different versions of the O' mark dating back to 1991. According to O'Neal, each iteration of the O' mark constituted a continuation of the same mark rather than a creation of a new mark. Tacking matters because One Industries first used the One Icon in 1999 — *after* O'Neal developed the 1997 Rounded O' mark but *before* O'Neal created the 2003 Angular O' mark. It is a cardinal principle of federal trademark law that the party who uses the mark first

gets priority. *See Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999) ("It is axiomatic . . . that the standard test of ownership is priority of use. . . . [T]he party claiming ownership must have been the first to actually use the mark in the sale of goods or services." (internal quotation marks omitted)). Thus, if the Rounded and Angular O' marks are the same mark, then the district court should have compared the One Icon with the 2003 Angular O' mark; if the marks are different, however, then the district court correctly compared the One Icon with the 1997 Rounded O' mark.

A

Before we reach the merits, we must confront dueling procedural arguments.

[1] At the outset, One Industries insists that O'Neal forfeited the tacking argument by failing to raise it in the district court. A party normally may not press an argument on appeal that it failed to raise in the district court. *See Allen v. Ornoski*, 435 F.3d 946, 960 (9th Cir. 2006) ("[A] party cannot treat the district court as a mere ill-placed bunker to be circumvented on his way to this court where he will actually engage his opponents." (alteration in original) (internal quotation marks omitted)).

One Industries emphasizes that O'Neal's amended counterclaims, which alleged infringement of the Rounded O' mark, did not raise the tacking issue. It also notes that the district court's summary judgment order did not address tacking. In response, O'Neal contends that the district court rejected the tacking argument in its order granting One Industries' motion

for a more definite statement. In O'Neal's view, the law of the case doctrine precluded it from raising tacking again during the summary judgment proceedings. O'Neal also argues that "this entire case has been predicated from the beginning on the doctrine of tacking." It points to the original exchange of litigation threats with One Industries in which the parties disputed whether O'Neal had used the Angular O' mark for "over a decade." Tellingly, however, O'Neal's Notice of Appeal refers only to the summary judgment order, not to the order granting the motion for a more definite statement.

[2] After picking through the tangled procedural posture of this case, we are satisfied that O'Neal did not forfeit its tacking claim. Tacking was fleshed out during the proceedings surrounding the motion for a more definite statement. While O'Neal did not use the word "tack" in its opposition to the motion for a more definite statement, it raised the essence of the claim:

> O'Neal objects to Boinnard and Blanchard's attempt to characterize O'Neal's O' mark as "five distinct" marks. O'Neal plainly lays out the evolution and continued use of the O' mark since its inception in its Third-Party Complaint . . . . Consequently, no further statement is necessary concerning O'Neal's infringement claim of the O' mark, given the extremely well-settled law that a party is entitled to modify a mark over the years if the change neither creates a new mark nor changes the commercial impression created by the old mark, especially where the only change concerned is lettering style.

In addition, the district court expressly considered and rejected such argument: "This Court is unpersuaded by O'Neal's claim that it uses only one mark that has been slightly altered over the years because two of the marks alleged to be one have been registered separately and the marks presented appear to this Court to be more than just slightly different." Thus, the district court had an adequate opportunity to rule, and actually did rule, on the tacking issue, making it the "law of the case" and not subject to reopening. *See Agostini v. Felton*, 521 U.S. 203, 236 (1997) ("Under [the law of the case] doctrine, a court should not reopen issues decided in earlier stages of the same litigation."). This is hardly a case in which a party treated the district court "as a mere ill-placed bunker to be circumvented" on his way to the appellate court. *Allen*, 435 F.3d at 960.

[3] Though we are persuaded that O'Neal raised the tacking issue in the district court, there remains the problem of O'Neal's Notice of Appeal. Federal Rule of Appellate Procedure 3 requires a party's Notice of Appeal to "designate the judgment, order, or part thereof being appealed." Fed. R. App. P. 3(c)(1)(B). It is undisputed that O'Neal's Notice of Appeal references only the summary judgment order, not the order granting the motion for a more definite statement.

[4] Because we construe Rule 3(c) liberally, this omission is not fatal. Just this year, we held that a mistake in a notice of appeal does not necessarily doom a case:

> [A] mistake in designating the judgment appealed from should not bar appeal as long as the intent to appeal a specific judgment can be

> fairly inferred and the appellee is not prejudiced by the mistake. In determining whether "intent" and "prejudice" are present, we apply a two-part test: first, whether the affected party had notice of the issue on appeal; and, second, whether the affected party had an opportunity to fully brief the issue.

Ahlmeyer v. Nev. Sys. of Higher Educ., 555 F.3d 1051, 1055 (9th Cir. 2009) (internal quotation marks and citation omitted); *see also Lynn v. Sheet Metal Workers' Int'l Ass'n*, 804 F.2d 1472, 1481 (9th Cir. 1986).

[5] The tacking issue was central to the case before and during litigation and was discussed extensively in O'Neal's opening brief on appeal. Accordingly, the appellee was "not prejudiced by the mistake" and "had notice of the issue on appeal." *Ahlmeyer*, 555 F.3d at 1055. O'Neal's discussion of tacking in its opening brief also displays an "intent to appeal a specific judgment." *Id.* In addition, One Industries "had an opportunity to fully brief the issue" and did so. *Id.* This case does not involve an attempt to sandbag the opposing party with a new issue presented for the first time on appeal. Accordingly, we conclude that O'Neal did not forfeit the tacking claim.

B

Satisfied that the tacking issue was preserved for appeal, we turn to O'Neal's procedural challenge. It contends that the district court improperly resolved the issue on a Rule 12(e) motion for a more definite statement rather than in the context of a summary judgment motion. According to O'Neal, because One Industries' Rule 12(e) motion occurred early in the

litigation, "discovery was not yet completed and O'Neal had no opportunity to demonstrate that the evolving versions of the O' mark created the same, continuing commercial impression to consumers."

[6] We sympathize with O'Neal's complaint about the appropriateness of resolving this issue on a Rule 12(e) motion. Because tacking requires a highly fact-sensitive inquiry, the better practice is to resolve it on summary judgment, after full discovery. Here, by contrast, the tacking ruling was locked inside an order granting a motion for a more definite statement. We encourage district courts to avoid resolving merits issues, especially fact-sensitive questions, on Rule 12(e) motions. Preserving such questions until later in the litigation will help prevent claims like this one, where the losing party complains that it never had a chance to make its case.

[7] Nevertheless, in this case, we are persuaded that there is no reversible error. While O'Neal was on notice that tacking was at issue on the Rule 12(e) motion, it failed to ask the district court to postpone ruling until after discovery. Nor did O'Neal move for reconsideration. Having acquiesced in the resolution of the issue in the disposition of the Rule 12(e) motion, O'Neal cannot now complain that the district court should have acted differently.[1]

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[1] For this reason, we disagree with the dissent's assertion that the district court erred "by resolving the tacking question as a matter of law in a motion for a more definite statement, without receiving any evidence or making a supportable finding that reasonable minds could not differ on the issue." Dissent at 11619. As discussed above, O'Neal did not object to resolving the issue

C

[8] Having cleared both procedural roadblocks, we turn, finally, to the merits of O'Neal's tacking claim.[2] A trademark owner may "claim priority in a mark based on the first use date of a similar, but technically distinct, mark—but only in the exceptionally narrow instance where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark." *Brookfield*, 174 F.3d at 1047-48 (internal quotation marks omitted). Tacking is a question of fact. *See Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006). "A question of fact may be resolved as a matter of law if reasonable minds cannot differ and the evidence permits only one conclusion." *Id.*

[9] "The standard for 'tacking' . . . is exceedingly strict: [t]he marks must create the *same, continuing commercial impression*, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked." *Brookfield*, 174 F.3d at 1048 (internal quotation marks omitted). Our precedent demonstrates that tacking is allowed only in

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during a pre-discovery Rule 12(e) motion. The district judge was not obligated to instruct O'Neal how to litigate its case.

[2] We have never decided what standard of review to apply to an order on a motion for a more definite statement. The Fifth Circuit reviews such orders for an abuse of discretion. *See Old Time Enters., Inc. v. Int'l Coffee Corp.*, 862 F.2d 1213, 1217 (5th Cir. 1989); *Mitchell v. E-Z Way Towers, Inc.*, 269 F.2d 126, 130 (5th Cir. 1959). We need not decide the issue here, however, because the district court resolved tacking as a matter of law.

narrow circumstances. In *Brookfield*, we concluded that "moviebuff.com" cannot be tacked onto "The Movie Buff's Movie Store." *Id.* at 1049. There, we reasoned that "'The Movie Buff's Movie Store' and 'moviebuff.com' are very different, in that the latter contains three fewer words, drops the possessive, omits a space, and adds '.com' to the end." *Id.* Similarly, in *Quiksilver*, we held that the district court erred in tacking "QUIKSILVER ROXY" onto "ROXY." *Quiksilver*, 466 F.3d at 760. We reasoned that "a reasonable jury could easily conclude that 'QUIKSILVER ROXY' and 'ROXY' did not create the 'same, continuing commercial impression' at the time the 'ROXY' brand was introduced." *Id.*

Here, because One Industries first used the One Icon in 1999, the most relevant comparison is between the Rounded O' mark, developed in 1997, and the Angular O' mark, created in 2003:

Because the district court resolved the tacking issue as a matter of law, we must decide whether the Rounded O' mark and the Angular O' mark differ to such a degree that no reasonable jury could conclude that they create the "same, continuing commercial impression."

[10] We recognize that this is a close case, but we agree with One Industries and with the district court that O'Neal cannot meet the "exceedingly strict" standard for tacking. Although both marks consist of a styled O followed by an apostrophe, the similarities largely end there. The apostrophes are markedly

different: in the Rounded O' mark it is entirely separated from the O and appears to be a standard apostrophe. In contrast, the Angular O' mark's apostrophe is connected to the main image and looks like a triangle. The lower and upper horizontal lines on the Rounded O' mark are thinner than the corresponding lines on the Angular O' mark. While the Rounded O' mark is boxy, the Angular O' mark looks like the outline of a lemon. These differences, in our view, establish that the two marks are not "indistinguishable." *Brookfield*, 174 F.3d at 1047. Like the marks at issue in *Brookfield* and *Quiksilver*, the Rounded O' mark and the Angular O' mark differ in several material respects.

[11] Cases from other circuits and from the Trademark Board confirm that tacking will be allowed only if the marks are virtually identical. The Sixth Circuit has held that "dci" may not be tacked onto "DCI." *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623-25 (6th Cir. 1998). The Federal Circuit has concluded that "CLOTHES THAT WORK. FOR THE WORK YOU DO" cannot be tacked onto "CLOTHES THAT WORK." *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1160 (Fed. Cir. 1991). The Trademark Board has refused to tack the phrase "AMERICAN MOBILPHONE PAGING" with a stars and stripes background onto "AMERICAN MOBILPHONE" with the same background. *Am. Paging Inc. v. Am. Mobilphone Inc.*, 13 U.S.P.Q. 2d 2036 (T.T.A.B. 1989). The Trademark Board has also refused to tack "PRO-CUTS" onto "PRO-KUT." *Pro-Cuts v. Schilz-Price Enters. Inc.*, 27 U.S.P.Q. 2d 1224, 1227 (T.T.A.B. 1993). In one of the few reported cases allowing tacking that we have found, the Trademark Board allowed a company to tack "Hess's" onto "Hess."

Hess's of Allentown, Inc. v. Nat'l Bellas Hess, Inc., 169 U.S.P.Q. 673, 674-75 (T.T.A.B. 1971).

[12] Based on this precedent, we conclude that the district court properly granted One Industries' motion for a more definite statement. The material differences between the Rounded O' mark and the Angular O' mark, described above, convince us that this is not one of those "exceptional" instances in which tacking should be permitted.

III

Persuaded that the district court properly compared the Rounded O' mark with the One Icon, we next consider O'Neal's claim that the district court erred by finding no likelihood of confusion between the two marks. We review a grant of summary judgment de novo, drawing "all reasonable inferences . . . in favor of the non-moving party." *Surfvivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 630 (9th Cir. 2005). "Although disfavored in trademark infringement cases, summary judgment may be entered when no genuine issue of material fact exists." *Id.*

[13] To determine whether a "likelihood of confusion" exists, we employ the eight factor test set forth in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979), *abrogated in part on other grounds as recognized in Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003): "1. strength of the mark; 2. proximity of the goods; 3. similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. type of goods and the degree of care likely to be exercised by the purchaser; 7. defendant's intent in selecting the mark; and 8.

likelihood of expansion of the product lines." Whether there is a likelihood of confusion between two competing marks is a question of fact. *Quiksilver*, 466 F.3d at 759.

We have long cautioned that applying the *Sleekcraft* test is not like counting beans. *Dreamwerks Prod. Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998). "Some factors are much more important than others, and the relative importance of each individual factor will be case-specific." *Brookfield*, 174 F.3d at 1054. "Although some factors — such as the similarity of the marks and whether the two companies are direct competitors — will always be important, it is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors." *Id.* The *Sleekcraft* factors are not exhaustive, "and non-listed variables may often be quite important." *Id.*

Applying *Sleekcraft*, the district court concluded that there is no likelihood of confusion as a matter of law. Accordingly, the question we must decide on appeal is whether a reasonable jury could conclude that a consumer might reasonably believe that a One Industries helmet is actually an O'Neal helmet. In other words, we must step into the shoes of a motocross racer as he or she browses for helmets. Would confusion be likely?

The two logos appear as follows:

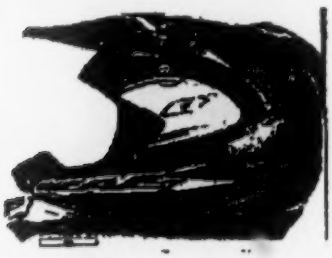
[14] We consider the *Sleekcraft* factors in order of their general importance in this particular case. We begin by recognizing that O'Neal and One Industries compete directly in the market for motorcycle products, meaning that the second and fifth *Sleekcraft* factors weigh in favor of a finding of likelihood of confusion.

Keeping the relevant market in mind, we turn to the third *Sleekcraft* factor: the similarity of the marks. We look to "sight, sound and meaning" to determine the similarity of competing marks. *Dreamwerks*, 142 F.3d at 1131. Because any consumer confusion in this case would occur as motocross enthusiasts select helmets inside a store or during online browsing, *sight* is significantly more important when comparing these marks than sound or meaning. Verbally articulating the Rounded O' mark or the One Icon, or mentally pondering the meaning of the marks, is not part of buying a motorcycle helmet. *Cf. id.* (trademark case involving "Dreamwerks" and "Dreamworks," in which the identical *sounds* of the two marks were important).

[15] We agree with the district court that the two marks are visually dissimilar. A key distinguishing characteristic of the Rounded O' mark is a prominent apostrophe, which the One Icon noticeably lacks. The One Icon consists of "two angular symbols . . . placed in such a way that a 'Z'-shaped space appears between the two," while the "Rounded O is clearly a letter 'O' with a prominent apostrophe and is slightly angled." Also, the One Icon sometimes appears in different colors.

[16] A comparison of how the marks appear in the marketplace confirms the conclusion that the marks

are visually dissimilar. *See Lindy Pen Co. v. Bic Pen Corp.*, 725 F.2d 1240, 1245 (9th Cir. 1984). Below is a snapshot of an O'Neal helmet featuring the Rounded O' mark (left) and a One Industries helmet (right) featuring the One Icon.



Our hypothetical motocross enthusiast would be able to distinguish between these helmets. The disputed marks appear in entirely different locations on the helmets and are surrounded by different designs. Accordingly, the dissimilarity of the marks suggests that confusion is unlikely.

[17] We turn next to the fourth *Sleekcraft* factor. "Evidence of actual confusion constitutes persuasive proof that future confusion is likely." *Thane Int'l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 902 (9th Cir. 2002) (internal quotation marks omitted). "[I]f a party produces evidence from which a reasonable jury could surmise that an *appreciable* number of people are confused about the source of the product, then it is entitled to a trial on the likelihood of confusion — although it will not necessarily prevail at that trial." *Id.* Here, however, O'Neal produced no evidence of actual confusion between the Rounded O' mark and

the One Icon.[3] Accordingly, the fourth *Sleekcraft* factor weighs against a finding of a likelihood of confusion.

[18] The lack of evidence of any deceptive intent on One Industries' part — the seventh *Sleekcraft* factor — also weighs in its favor. "While an intent to confuse consumers is not required for a finding of trademark infringement, intent to deceive is strong evidence of a likelihood of confusion. When the alleged infringer knowingly adopts a mark similar to another's, reviewing courts presume that the defendant can accomplish his purpose: that is, that the public will be deceived." *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1148 (9th Cir. 2002) (internal quotation marks and citations omitted).

O'Neal contends that One Industries intended to trade on the goodwill established by the O' mark. In support of this argument, O'Neal claims that "at the time One Industries planned its helmet line, it knew O'Neal was selling helmets." O'Neal also emphasizes One Industries' admission "that in planning its helmet line it 'looked [at] what was going on in the helmet business' and 'grabbed pretty much the best helmets in the industry.'" "Given that O'Neal's helmets were among the best selling helmets, it is reasonable to infer that One Industries 'grabbed' O'Neal's helmets." Finally, O'Neal points out that One Industries did not place its name on its helmets. "By doing this," O'Neal

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[3] O'Neal produced evidence of actual confusion between helmets featuring the *Angular O' mark* and One Industries' helmets. As the district court concluded, however, O'Neal's evidence post-dates the advent of the 1999 One Icon and the 2003 Angular O' mark. Therefore, the evidence is not relevant to a comparison of the Rounded O' mark with the One Icon.

contends, "its intent to trade off the strength of O'Neal's mark can be inferred."

[19] The evidence of intent to deceive O'Neal proffers is weak, to say the least. O'Neal provides no evidence that "grabbing the best helmets in the industry" had anything to do with O'Neal's O' mark. In addition, One Industries points out that the name "One Industries" appears on the boxes and product literature accompanying its helmets, and that One Industries "used the two primary logos they had been using the previous five years, the 'One Icon' and the 'One Angular' marks." Because O'Neal offers nothing linking One Industries to the Rounded O' mark, no reasonable jury could conclude that One Industries intended to deceive consumers by trading off the goodwill associated with the Rounded O' mark. Accordingly, the lack of evidence of intent to deceive also supports the district court's conclusion.

[20] Next, we address the first *Sleekcraft* factor: the strength of O'Neal's mark. "Trademark law offers greater protection to marks that are 'strong,' i.e., distinctive." *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1291 (9th Cir. 1992). "The strength of a mark is determined by its placement on a continuum of marks from 'generic,' afforded no protection; through 'descriptive' or 'suggestive,' given moderate protection; to 'arbitrary' or 'fanciful' awarded maximum protection." *Id.* (internal quotation marks omitted).

Generic marks are "those that refer to the genus of which the particular product is a species." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (internal quotation marks omitted). "Descriptive terms directly describe the quality or features of the

product." *Brookfield*, 174 F.3d at 1058 n.19. "A suggestive mark conveys an impression of a good but requires the exercise of some imagination and perception to reach a conclusion as to the product's nature." *Id.* Finally, "[a]rbitrary and fanciful marks have no intrinsic connection to the product with which the mark is used; the former consists of words commonly used in the English language . . . whereas the latter are wholly made-up terms." *Id.* (citation omitted).

Identifying whether a mark is generic, descriptive, suggestive, arbitrary or fanciful, however, is only the first step of the inquiry. "The second step is to determine the strength of this mark in the marketplace." *Miss World (UK) Ltd. v. Mrs. Am. Pageants, Inc.*, 856 F.2d 1445, 1449 (9th Cir. 1988), *abrogated in part on other grounds as recognized in Eclipse Assocs. Ltd. v. Data Gen. Corp.*, 894 F.2d 1114 (9th Cir. 1990). When similar marks permeate the marketplace, the strength of the mark decreases. "In a crowded field of similar marks, each member of the crowd is relatively weak in its ability to prevent use by others in the crowd." *Id.* (internal quotation marks omitted).

[21] The Rounded O' mark is "fanciful," entitling it to strong protection. By itself, the mark neither describes nor "conveys an impression of a good." *Brookfield*, 174 F.3d at 1058 n.19. The Rounded O' mark has "no intrinsic connection to the product with which the mark is used [i.e. a motocross helmet]" and is a "wholly made up term[ ]." *Id.* The record, however, contains several examples of similar O marks used by different companies, including Oakley, OGIO, and Alloy MX. Such use of other "O" symbols weakens the

Rounded O' mark. Based upon these offsetting considerations, we agree with the district court's apparent view that the first *Sleekcraft* factor, at best, weighs slightly in favor of finding confusion.[4]

[22] Although O'Neal and One Industries are direct competitors, we are persuaded that the marks do not look alike, that O'Neal has not produced evidence of actual confusion, and that no reasonable jury could infer that One Industries deliberately appropriated the goodwill associated with the O' mark. The O' mark, though conceptually strong, is weakened by the presence of other, similar marks. In the absence of evidence of actual confusion or intent to deceive, we decline to grant O'Neal a virtual monopoly on the use of the letter "O" on motorcycle helmets. The mere fact that the two companies are direct competitors and happen to use the same letter on their products is not sufficient to show infringement. Accordingly, we conclude that there is no likelihood of confusion in this case, and that the district court properly granted summary judgment to One Industries.

IV

We turn, lastly, to O'Neal's remaining claims.

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[4] The sixth *Sleekcraft* factor — the degree of care that customers are likely to exercise — does not weigh strongly in either direction. Helmets are not like T-shirts, but neither are they like cars. We agree with the district court's assessment: "a customer may not be as discerning when purchasing less expensive items such as t-shirts, but the higher price of helmets would involve a higher degree of care by purchasers."

A

O'Neal contends that One Industries' One Angular Mark infringes its O'NEAL mark. A side-by-side comparison of the two marks speaks for itself:

We agree with the district court that because these marks are "dramatically different," there is no likelihood of confusion. To be sure, the O'NEAL mark is stronger than the Rounded O' mark because it is more distinctive and is not weakened by other similar marks in the industry. In addition, we must credit O'Neal's evidence of actual confusion because the O'NEAL mark predated the One Icon. Nevertheless, the evidence of confusion is weak because none of it suggests that the source of confusion was the alleged similarity between the O'NEAL mark and the One Angular mark.

[23] More importantly, a comparison of the two marks plainly demonstrates that they are not at all similar in sight, sound, or meaning. The One Angular mark is missing an apostrophe and an "AL" and is designed in a completely different manner. The two marks sound nothing alike and mean different things. Again, we decline to grant O'Neal a virtual monopoly on helmet designs that include the letter "O" or the word "One." Because the two marks are entirely different, we are satisfied that no reasonable jury could find a likelihood of confusion.

B

[24] O'Neal also claims that One Industries' trade dress infringes O'Neal's trade dress. This claim is unpersuasive.

"In contrast to a trademark, 'trade dress' refers to the 'total image of a product' and may include features such as size, shape, color, color combinations, texture or graphics." *Int'l Jensen, Inc. v. Metrosound USA, Inc.*, 4 F.3d 819, 822 (9th Cir. 1993). O'Neal identifies its trade dress as "its O'NEAL mark located on the lower side of the helmet in bold typeface against a graphical background." To state a claim for trade dress infringement, a plaintiff must show that its trade dress "(1) is nonfunctional; (2) is either inherently distinctive or has acquired a secondary meaning; and (3) is likely to be confused with [the competing trade dress] by members of the consuming public." *Id.* at 823. Although O'Neal's trade dress is nonfunctional and has arguably acquired secondary meaning, we have already concluded that no reasonable factfinder could find a likelihood of confusion between the O'NEAL mark and the One Icon. Accordingly, the district court properly granted summary judgment to One Industries.[5]

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[5] The district also properly granted summary judgment on O'Neal's state law claims for unfair competition and cancellation of trademark registrations. Both sides agree that these claims follow directly from the federal claims. *See Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1457 (9th Cir. 1991) ("An action for unfair competition under Cal. Bus. & Prof. Code §§ 17200 et seq. is substantially congruent to a trademark infringement claim under the Lanham Act.") (internal quotation marks omitted).

V

Accordingly, the district court's grant of One Industries' motion for a more definite statement, and its grant of summary judgment to One Industries are

AFFIRMED.

GRABER, Circuit Judge, concurring in part and dissenting in part:

I agree with the majority's conclusion that O'Neal did not forfeit the tacking argument by failing to raise it in the district court or in its notice of appeal. Maj. op. at 11603-06. I also agree with the majority's treatment of the One Angular mark/O'Neal mark and the trade dress claim. Maj. op. at 11617. But I disagree with the majority's holding that the district court committed no reversible error by ruling on the tacking issue—which the majority recognizes as a "highly fact-sensitive inquiry," maj. op. at 11607—in the context of a motion for a more definite statement, rather than in post-discovery summary judgment proceedings or later.

As the majority acknowledges, tacking is a question of fact. Maj. op. at 11608; *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006). Whether tacking is an issue of law or fact was a matter of first impression for the *Quiksilver* court. 466 F.3d at 759. The *Quiksilver* court broke with two other circuits, recognizing the fact-dependent nature of certain trademark questions, such as likelihood of confusion and tacking. *See Quiksilver*, 466 F.3d at 759; *cf. Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620,

623 (6th Cir. 1998); *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991).

A court may resolve a question of fact as a matter of law only if reasonable minds cannot differ and the evidence permits but one conclusion. *Quiksilver*, 446 F.3d at 759. The district court here erred by resolving the tacking question as a matter of law in a motion for a more definite statement, without receiving any evidence or making a supportable finding that reasonable minds could not differ on the issue. The court ruled on the motion on the basis of the parties' moving papers only, without oral argument.[1] The parties began initial discovery more than a month after submitting their moving papers on the motion by filing a Joint Discovery Plan on December 15, 2006.

In my view, it was inappropriate for the court to decide that O'Neal was not permitted to tack its 2003 mark to its older marks *as a matter of law* in a pre-discovery Federal Rule of Civil Procedure 12(e) order. At that stage in the litigation, it would have been impossible for the district court to conclude that reasonable minds could not differ and that the evidence permitted only one conclusion regarding tacking. Indeed, the court made no such finding, and the majority itself concedes that this is a "close case."

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[1] The court may have been led astray by One Industries' reliance on Sixth Circuit, rather than Ninth Circuit, precedent in its reply in support of the motion for a more definite statement claiming that "[w]hether two variants constitute a single mark is a question of law" (citing *Data Concepts*, 150 F.3d at 624).

Maj. op. at 11609.[2] The order granting the motion states only that the "Court is unpersuaded by O'Neal's claim that it uses only one mark that has been slightly altered over the years." That conclusory statement, unsupported by any evidence in the record at that time, is not enough to decide the highly fact-dependent question of tacking as a matter of law. I would therefore reverse and remand.

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[2] I am not aware of any precedent in which tacking has been rejected as a matter of law when the two marks are so closely related and alike. Here, both marks involve a non-capital, right-slanted, thick-sided, bold, and stylized "o" with an apostrophe after it at the upper right corner. *See* maj. op. at 11609. The cases cited by the majority, deciding that tacking was not allowed as a matter of law, either occurred after fuller factual development; or involved the addition, replacement, or subtraction of words or letters (or a conversion from capital to small letters, or vice versa); or both. Maj. op. at 11609-10. None of those changes occurred here.

APPENDIX B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

Civil No.06CV1133 JAH(AJB)

[Filed February 14, 2008]

ONE INDUSTRIES, LLC, a limited liability company,

Plaintiff,

v.

JIM O'NEAL DISTRIBUTING, INC., a corporation,

Defendant.

AND ALL RELATED COUNTERCLAIMS AND THIRD-PARTY COMPLAINTS.

ORDER GRANTING PLAINTIFF'S/COUNTER-DEFENDANT'S AND THIRD PARTY DEFENDANT'S MOTION FOR SUMMARY JUDGMENT
[Doc. No. 43]

BACKGROUND

Plaintiff, One Industries, LLC markets and distributes motorcycle racing products and is a licensee of products that use two marks owned by Third Party Defendant Ludovic Boinnard and Marc Blanchard referred to as the "One Icon" mark and the "One Angular" mark. Defendant/Counter-claimant and Third Party Plaintiff Jim O'Neal Distributing, Inc. ("O'Neal") manufactures and distributes motorcycle and bicycle-related products and owns various trademarks for multiple variations of the marks "O'NEAL" and "O' " that appear on its products.

On May 26, 2006, One Industries filed a complaint (Doc. No. 1) seeking declaratory judgment of non-infringement of Defendant O'Neal's trademark rights and a declaration of no unfair competition as it relates to One Industries' marketing. O'Neal filed an answer and counterclaim (Doc. No. 6) on August 21, 2006, and a Third Party Complaint (Doc. No. 9) against Boinnard and Blanchard on September 5, 2007. On September 13, 2006, One Industries filed a motion to dismiss the counterclaim and for a more definite statement (Doc. No. 11). Boinnard and Blanchard filed a motion to dismiss the third party complaint and motion for a more definite statement (Doc. No. 13) on September 26, 2006. The motions were granted in part and denied in part and O'Neal was provided the opportunity to file an amended counterclaim and an amended third party complaint. See Order (Doc. No. 31). O'Neal filed an amended answer and counterclaim (Doc. No. 38) alleging trademark infringement, trade dress infringement and unfair competition on July 2, 2007,

and an amended third party complaint[1] (Doc. No. 40) alleging trademark infringement, trademark cancellations and trade dress infringement against Boinnard[2] on July 3, 2007. Answers (Doc. Nos. 41, 42) were filed on July 19, 2007. One Industries and Boinnard filed the pending motion for summary judgment (Doc. No. 43) on August 15, 2007. O'Neal filed an opposition (Doc. No. 47) on September 28, 2007. One Industries and Boainnard (collectively "One Industries" "Movants") filed a reply (Doc. No. 48) on October 5, 2007, and objections to evidence (Doc. No. 49) on October 9, 2007. O'Neal filed a response (Doc. No. 59) to the objections on December 12, 2007.

The motion was originally set for hearing on October 22, 2007, but was vacated because the courthouse was closed due to the fires in San Diego county. In an order filed October 30, 2007, the Court continued the hearing and the parties later stipulated to continue the hearing date.

The Court heard oral argument on the motion on December 19, 2007. After a thorough review of the parties submissions and consideration of the parties' argument at the hearing, this Court GRANTS IN PART DENIES IN PART the motion for summary judgment.

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[1] O'Neal filed a motion seeking leave to file the amended third party complaint one day late. Because the amended complaint was filed on July 3, 2007, the motion is denied as moot.

[2] The amended third party complaint does not name Blanchard as a defendant.

LEGAL STANDARD

Summary judgment is properly granted when "there is no genuine issue as to any material fact and ... the moving party is entitled to judgment as a matter of law." Fed.R.Civ.P. 56(c). Entry of summary judgment is appropriate "against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986). The party moving for summary judgment bears the initial burden of establishing an absence of a genuine issue of material fact. Celotex, 477 U.S. at 323. Where the party moving for summary judgment does not bear the burden of proof at trial, it may show that no genuine issue of material fact exists by demonstrating that "there is an absence of evidence to support the non-moving party's case." Id. at 325. The moving party is not required to produce evidence showing the absence of a genuine issue of material fact, nor is it required to offer evidence negating the moving party's claim. Lujan v. National Wildlife Fed'n, 497 U.S. 871, 885 (1990); United Steelworkers v. Phelps Dodge Corp., 865 F.2d 1539, 1542 (9th Cir. 1989). "Rather, the motion may, and should, be granted so long as whatever is before the District Court demonstrates that the standard for the entry of judgment, as set forth in Rule 56(c), is satisfied." Lujan, 497 U.S. at 885 (quoting Celotex, 477 U.S. at 323).

Once the moving party meets the requirements of Rule 56, the burden shifts to the party resisting the motion, who "must set forth specific facts showing that there is a genuine issue for trial." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256 (1986). Without specific

facts to support the conclusion, a bald assertion of the "ultimate fact" is insufficient. See Schneider v. TRW, Inc., 938 F.2d 986, 990-91 (9th Cir. 1991). A material fact is one that is relevant to an element of a claim or defense and the existence of which might affect the outcome of the suit. The materiality of a fact is thus determined by the substantive law governing the claim or defense. Disputes over irrelevant or unnecessary facts will not preclude a grant of summary judgment. T.W. Electrical Service, Inc. v. Pacific Electrical Contractors Ass'n, 809 F.2d 626, 630 (9th Cir. 1987)(citing Anderson, 477 U.S. at 248).

The court may not make credibility determinations, and inferences to be drawn from the facts must be viewed in the light most favorable to the party opposing the motion. Masson v. New Yorker Magazine, 501 U.S. 496, 520 (1991); see also Matsushita, 475 U.S. at 587; Anderson, 477 U.S. at 255.

Because the likelihood of confusion is a largely factual determination and requires a full record, district courts should grant summary judgment motions regarding likelihood of confusion sparingly. Than International, Inc. v. Trek Bicycle Corp., 305 F.3d 894, 901 (9th Cir. 2002).

DISCUSSION

One Industries and Boinnard argue O'Neal cannot prove infringement as a matter of law, the unfair competition claims fail and they are entitled to judgment as to O'Neal's cancellation claims.

I. Trademark Infringement

O'Neal seeks relief for trademark infringement under 15 U.S.C. §§ 1114 and 1125. O'Neal alleges One Industries' use of the "One Angular" mark infringes on O'Neal's "O'NEAL" mark. Amended Counterclaim at 14; Amended Third Party Complaint at 11. O'Neal further alleges One Industries' "One Icon" mark infringes O'Neal's "O" mark, because it is confusingly similar to the O'Neal's "O" mark. Amended Counterclaim at 15; Amended Third Party Complaint at 12.

In order to prevail on a trademark infringement claim, a plaintiff must show that 1) it is the owner of the asserted marks and 2) the use of the mark by the alleged infringer is likely to cause confusion or mistake or deceives the consumer. Surfvivor Media v. Survivor Productions, 406 F.3d 625, 630 (9th Cir. 2005). To show there is a likelihood of a consumer confusing O'Neal's mark with One Industries', the Court considers eight factors, known as the "Sleekcraft" factors, in its determination

(1) The strength of the mark;
(2) The similarity of the marks;
(3) The relatedness of the companies' services;
(4) The marketing channels used by the companies;
(5) The alleged infringer's intent in selecting it mark;
(6) Evidence of actual confusion;
(7) The likelihood of expansion into other markets, and;
(8) The degree of care likely to be exercised by purchasers of the good.

Goto.com v. Walt Disney Co., 202 F.3d 1199, 1205 (9th Cir. 2000). "Some factors are much more important than others, and the relative importance of each individual factor will be case specific." Brookfield Communications, Inc. v. West Coast Entertainment, Corp., 174 F.3d 1036 (9th Cir. 1999).

A. "One Angular" Mark

1. Strength of Mark

The strength of a mark is determined by its placement on a continuum of marks from generic through descriptive or suggestive to arbitrary or fanciful. E.& J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1291 (9th Cir. 1992). Generic trademarks are not entitled to protection. Marks that are suggestive, arbitrary or fanciful, are "inherently distinctive", "because their intrinsic nature serves to identify a particular source of a product" and are, therefore, awarded maximum protection. Two Pesos, Inc. v. Taca Cabana, Inc., 505 U.S. 763, 768 (1992). Marks that are descriptive of a product are not inherently distinctive, but "may acquire the distinctiveness which will allow them to be protected under the Act." Two Pesos, 505 U.S. at 769.

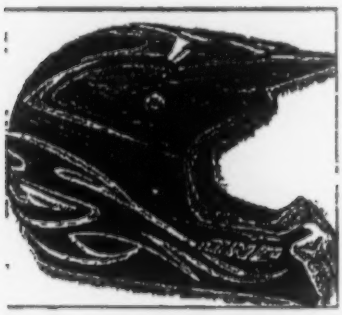
There is no dispute as to the strength of O'Neal's mark, as O'Neal maintains and Movants agree the "O'NEAL" mark is a strong mark.

2. Similarity of Marks

The similarity of marks "has always been considered a critical question in the likelihood-of-confusion analysis." See GoTo.com, 202 F.3d at 1205. In considering the degree of similarity, a court should view the marks in their entirety as they appear in the marketplace. Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1144 (9th Cir. 2002). Additionally, a court should consider the similarity in appearance, sound and meaning. Id.

One Industries argues there is no infringement of the "O'NEAL" mark as a matter of law, because the "One Angular" mark is entirely different from the "O'NEAL" mark. They maintain the "One Angular" mark evokes the word one, is abstract and without context it is difficult to make out the word "one." They further argue the "O'NEAL" mark has an apostrophe, the words are pronounced very differently and the meaning behind the names are different.

O'Neal argues the only difference between the "O'NEAL" mark and the "One Angular" mark is an apostrophe and the "AL." O'Neal contends the stylized version of the "O'NEAL" mark is very similar to the "One Angular" mark. O'Neal further argues the marks appear similar on helmets and that photos of riders wearing O'Neal gear sometimes make it appear the "O'Neal" says "one" because of the camera angle. See below.



The Court finds a side-by-side comparison of the two marks demonstrate they are not similar.

While O'Neal argues the only difference between the marks are the addition of an apostrophe and the "AL," this Court finds those additions create a dramatically different mark. One Industries' mark is the word "one" which represents a number. O'Neal's mark is a name. Additionally, the two words sound completely different. Nor is this Court persuaded that the camera angle of photos of riders wearing helmets with the marks create a similarity between the two marks. This factor weighs heavily against finding a likelihood of confusion.

3. Relatedness of the Companies' Services/ Proximity of the Goods

"Related goods are those products which would be reasonably thought by the buying public to come from the same source if sold under the same mark."

Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1147 (9th Cir. 2002) (quoting AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 n.10 (9th Cir. 1979). "[T]he more closely related the goods are, the more likely consumers will be confused by similar marks." Id. Movants admit the goods sold are proximate to each other, because the parties both sell off-road helmets and motocross gear.

4. Marketing Channels

"Convergent marketing channels increase the likelihood of confusion." Nutri/System, Inc. v. Con-Stan Industries, 809 F.2d 601, 606 (9th Cir. 1987). One Industries admits both companies advertise in the same magazines and sell products in specialty retail stores.

5. Intent in Selecting the Mark

The party is not required to demonstrate the infringer "intended to deceive consumers." E.& J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1293 (9th Cir. 1992). Intent to confuse may be inferred when the "alleged infringer chooses a mark he knows to be similar to another." Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1148 (9th Cir. 2002) (citing Official Airlines Guides, Inc. v. Goss, 6 F.3d 1385 (9th Cir. 1993).

Movants argue Blanchard and Boinnard indicated they did not consider O'Neal to be a competitor when they selected the marks at issue. O'Neal argues the intent of Blanchard and Boinnard is inferred from their conduct of distancing the helmet line from One Industries by keeping the words "One Industries" off

the helmet, using the "One Icon" logo and launching a new website for the helmets that did not feature the words "One Industries."

In reply, Movants maintain, when they introduced the helmet line, they used the two primary logos they had been using the previous five years, the "One Icon" and the "One Angular"marks. They further maintain the name "One Industries" appears on the helmet, the box and the product literature accompanying the helmet. Movants contend the new website is directly linked to its main website, uses the same logos as the main website and prominently identifies the helmets as One Industries products.

There is no evidence to support O'Neal's argument that One Industries sought to distance the helmet line by establishing a separate website. The evidence demonstrates the website for the helmets is directly linked to the main website and both sites contain One Industries' logos. Movant's Exh. GG. Additionally, while the helmet website name, www.onehelmets.com, does not contain the name "One Industries," the content of the website clearly states the helmets are One Industries products. Id. Accordingly, there is no evidence of intent to deceive the consumer.

6. Evidence of Actual Confusion

One Industries argues there is no evidence of actual confusion, although both One Industries and O'Neal have co-existed in the motocross industry since 1997 and the marks have been used since 1999.

O'Neal argues "[c]onfusion has permeated the industry at every level as a result of almost identical

commercial uses of the O' and One Icon marks." Opp. at 18. And further relies upon its discussion of actual confusion as to the "O'" and "One Icon" mark. It appears O'Neal relies upon confusion between its "O' " logo and the "One Icon" mark to support actual confusion between the "One Angular" mark and "O'NEAL" mark.

After addressing the objections to O'Neal's evidence[3], the only admissible evidence arguably relevant to the "One Angular" and "O'NEAL" marks is Riley Beckinger's testimony regarding phone calls from customers requesting a helmet from O'Neal that is actually sold by One Industries.[4] The testimony does not include any information as to what caused the confusion. Even assuming the confusion is between the "One Angular" mark and the "O'NEAL" mark, it demonstrates only a minimum amount of actual confusion between the marks.

7. Likelihood of Expansion into other Markets

Movants argue there is no evidence of further expansion that might bring the two companies into direct competition with regard to future product lines. O'Neal does not address this factor.

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[3] See Discussion of actual confusion as to the "One Icon" mark below.

[4] The testimony regarding the sweatshirt worn by Roland Hinz is not relevant because it contained the "One Icon" logo not the "Angular One" mark. O'Neal's Exh. C, Mescher Depo. at 27:20 - 28:8. Likewise, Rocky Trevino specifically states the confusion he observed involved the "O" logo on the side of helmets. O'Neal's Exh. A, Trevino Depo. at 12:21 - 24.

8. Degree of Care Likely to be Exercised by Purchasers

The likelihood of confusion is determined by the "reasonably prudent consumer." Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1060 (9th Cir. 1999). The "reasonably prudent consumer" is expected to be "more discerning-and less easily-confused" when purchasing expensive items and less discerning and more easily confused when purchasing inexpensive items. Id.

One Industries contend the degree of care likely to be exercised by the purchaser varies by product. They argue although t-shirts may be inexpensive, the highly image-conscious industry may still have strong brand differentiation. They further argue consumers are more likely to exercise a higher degree of care for items such as helmets.

O'Neal argues One Industries' KOMBAT helmet, ROCKSTART helmet and MONSTER helmet are sold from between $99.99 and $199.99, which makes it a different market than a $299.00 purchase.

The Court finds that a customer may not be as discerning when purchasing less expensive items such as t-shirts, but the higher price of the helmets would involve a higher degree of care by purchasers.

9. Conclusion

The Court finds there is a lack of genuine issue of material fact as to the factors in determining likelihood of confusion. The strength of O'Neal's mark, the relatedness of the parties' goods and the marketing

channels weigh in favor of likelihood of consumer confusion. However, the Court finds the most important factor in this case is the similarity of the marks. As such the high dissimilarity between the two marks, and the lack of intent to confuse weigh heavily against a likelihood of confusion. Even assuming the evidence of actual confusion involves the "One Angular" and "O'NEAL" marks, the scant evidence of confusion, in conjunction with the other factors in support of likelihood of confusion, is insufficient to overcome the weight of the dissimilarity of the marks and the lack of intent. Accordingly, the Court finds the "One Angular" mark does not infringe the "O'NEAL" trademark. Movants are entitled to judgment on this claim.

B. One Icon Mark

One Industries argues O'Neal's claims regarding the "One Icon" mark are unclear, because it broadly asserted the "One Icon" mark infringes O'Neal's exclusive right to use the "O" mark on motocross related apparel and accessories. Then O'Neal asserts the "One Icon" mark infringes O'Neal's "O' " mark, specifically the "Rounded O' " mark. Movants argue O'Neal does not have the exclusive right to use the letter "O" and O'Neal has never used an "O" mark, as it always includes an apostrophe and a stylized form of the "O' " mark. Movants argue there is no evidence that the letter "O" creates a separate commercial

impression on its own to support a claim of exclusivity. They maintain evidence establishes other companies use an "O" or "O"-shaped logo on motocross apparel and accessories, including Oakley, OGIO and Alloy.

O'Neal contends they have the exclusive right to use any "O" mark on helmets. O'Neal contends the evolution of their "O" mark is important, because it educated consumers to associate a variety of "O" designs with O'Neal.

In reply, Movants argue O'Neal has neither applied for nor obtained a trademark registration for the letter "O". Therefore, they argue, there is no presumption that O'Neal has any right to exclude others from using the letter "O" on motorcycle related products. Additionally, Movants argue O'Neal has not established secondary meaning with respect to the letter "O".

O'Neal fails to set forth any authority to support its contention that its continued use of the "O' " mark provides it the exclusive right to use the letter "O". O'Neal maintains the evolution of their mark has educated consumers to associate the letter "O" with their products. However, it provides no direct evidence that consumers associate the letter "O" in the motocross industry solely with O'Neal's products.[5] The

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[5] Antonio R. Sarabia's expert opinion that consumers "came to associate the core element - resemblence to an 'O' - with products made by O'Neal Distributing which is purportedly based upon his knowledge of development of trademarks and review of O'Neal's "O" logos in adverstising and distribution of its products does not sufficiently demonstrate consumers associate "O" designs solely with O'Neal. There is no evidence Mr. Sarabia relied upon

evidence shows O'Neal's "O' " logos include the apostrophe, which demonstrates, rather, the letter "O" with an apostrophe is associated with O'Neal. Additionally, evidence of other companies "O" shaped logos further supports that the letter "O" is not associated solely with O'Neal. Movant's Exh. U, Oakley advertising image, Exh. V, OGIO advertising image, Exh. W, Excerpts from Alloy MX 2006 Catalog, Exh. X, Excepts from No Fear 2007 Catalog, Exh. SS, No Fear 2007 Catalog, Exh. RR Alloy MX 2006 Catalog. This evidence includes "O" shaped logos on helmets. See Movant's Exh. SS. As such, the undisputed evidence demonstrates O'Neal owns trademarks for the "O'" mark, which is a letter "O" with an apostrophe.[6] Amended Counterclaim at 8-10; Amended Third Party Claim at 4-6, Exhs. 1 - 10; Movant's Exhs. R, S.

1. Strength of the Mark

One Industries argues there are many "O" or "O"-shaped logos in the motocross industry, so O'Neal's mark is not a strong mark. O'Neal argues its "O'" mark is strong, because it is completely fanciful and the existence of other "O" marks is irrelevant to strength.

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consumer surveys or feedback or otherwise obtained any information directly from consumers. Moreover, O'Neal's "O" shaped logos in advertising and products consistently include the apostrophe in the design.

[6] Even if O'Neal has the exclusive right to use a letter "O" (without the apostrophe) on helmets or other motocross gear, the Court finds the "One Icon" is not a stylized version of the letter "O" as discussed below.

O'Neal, however, is mistaken. The existence of similar marks on similar goods weakens a mark. See Miss World (UK) Ltd. V. Mrs. Am. Pageants, Inc., 856 F.2d 1445, 1449 (9th Cir. 1988) *abrogation in part on other grounds*; see also PostX Corp. v. docSpace Co., Inc., 80 F.Supp.2d 1056 (N.D.Cal. 1999). Movants present evidence of competitors' "O" marks in the motocross industry. Such as advertising images of Oakley motocross goggles with "O" logo, OGIO gear with an "O" logo, Alloy MX apparel with an "O"-shaped logo and No Fear products with an "O"-shaped logo. Movant's Exh. U- X, SS, RR. O'Neal's "O" shaped logo is weakened by the existence of other known "O"-shaped logos.

2. Similarity of Marks

Movants argue the marks are not confusingly similar. They maintain the "One Icon" mark is sharp, pointy and angular, while the "Rounded O'" mark is soft, rounded and oval shape with a prominent apostrophe. Additionally, the "One Icon" is composed of two clearly separate elements that are symmetrical and often appear in different colors, such as black and red while the "Rounded O'" mark is a single large "O" with a smaller apostrophe and are always in the same color. They further maintain there is no similarity as to sound, because the "One Icon" does not have a sound.

One Industries further argues the two logos have different meanings: the "One Icon" is two number ones interlaced to be symmetrical - number one was chosen for its significance to motocross, where the top rider races with the number one place on his motorcycle and because it evokes the name "One Industries." The

"Rounded O'" logo is the first letter of the name O'Neal.

O'Neal argues a side-by-side comparison of the marks demonstrates they are both stylized versions of the letter "O" and are almost identical as used in commerce. In terms of sound, O'Neal argues consumers can easily think the One Icon is an "O", because it is the first letter of "one" which is the first word of One Industries. O'Neal maintains a jury could reasonably find the "One Icon" would be interpreted by consumers to be an infringing "O"

In reply, Movants argue the O'Neal helmet presented by O'Neal for comparison purposes is irrelevant to the "Rounded O' " mark, because it shows the newer "Angular O' " mark.

The evidence demonstrates One Industries first used the "One Icon" in 1999 on fenders, handle bar pads, seat covers for motorcycles, decals and clothing, and first started using the icon on helmets on December 19, 2003. See Trademark Registration Forms, Movant's Exh. O at 164, 167, 171, 177, 179, 184, 189, 191, 196, 204. O'Neal began using the "Rounded O'" mark in 1997. Amended Counterclaim at 9, 1998 Catalog, O'Neal's Exh. 8; Amended Third party Complaint at 5, 1998 catalog, O'Neal's Exh. 8. O'Neal began using the "Angular O' " mark on December 17, 2003. Movant's Exh. S at 276, 279. As such, the proper comparison is between the "One Icon" and the "Rounded O" marks.

This Court finds the two marks are not "almost identical" in appearance as asserted by O'Neal. See illustrations below.

The "One Icon" does not appear as a stylized "O". It consists of two angular symbols, described by Movants as interlacing number ones, placed in such a way that a "Z"-shaped space appears between the two. The "Rounded O" is clearly a letter "O" with a prominent apostrophe and is slightly angled. Additionally, there is no similarity with sound because the "One Icon", which consists of symbols, has no sound. The meaning of the two symbols also differ. The "One Icon" is made up of two interlaced number "1" symbols, while the "Rounded O' " mark is the first letter of the name O'Neal. Accordingly, the Court finds this factor does not support a likelihood of consumer confusion.

3. Relatedness of Companies' Services/ Proximity of the Goods

Both companies sell off road helmets and motocross gear. Therefore, this factor is not in dispute and supports a likelihood of confusion.

4. Marketing Channels

Likewise, the parties agree both companies advertise in the same magazines and sell products through specialty retail stores.

5. Intent in Selecting the Mark

The parties assert the identical arguments discussed above for the "One Angular" mark. As

provided above, this Court finds there is no evidence that One Industries intended to deceive consumers when choosing the "One Icon" mark.

6. Evidence of Actual Confusion

Movants argue there is no evidence of actual confusion.

O'Neal maintains there is evidence of actual confusion at every level of the industry. In support O'Neal presents the following evidence: KBC America, the manufacturer of its and Movant's helmets mistakenly sent a One Industries product to O'Neal and sent an O'Neal product to One Industries. Kashare Decl. ¶ 5. Rocky Trevino, owner of Cycle Parts West, testified he is aware of confusion regarding brand recognition between the parties and one of his employees sought to purchase a helmet he saw on television he thought was an O'Neal product but was a One Industries product. O'Neal's Exh. A, Trevino Depo. at 12:11 - 14:3. Roland Hinz, owner of Hi-Torque Publishing, the largest publisher of motorcycle-related magazines, confused the logo on a sweatshirt he owned. O'Neal's Exh. C, Mescher Depo. at 27:20 - 28:8; Kashare Decl. ¶ 5. Mr. Trevino testified to customer confusion. Trevino Depo. at 17:4 - 6. Riley Beckinger, a member of O'Neal's sales staff, testified to receiving calls regarding confusion over the products. O'Neal's Exh. D, Beckinger Depo. at 14:24 - 15:4.

Movants filed objections to certain declarations and deposition testimony relied upon by O'Neal. They object to Mr. Kashare's statement regarding KBC Manufacturing as irrelevant, arguing that the lack of information as to what caused the mistake does not

make the mistake more or less likely that there is infringement. This Court agrees the information provides no evidence that the mixup was caused by confusion over the logos and is therefore irrelevant to the issue of actual confusion. One Industries also objects to Trevino's testimony regarding customer confusion, because Trevino was not present during the conversations about which he testified and therefore, lacks personal knowledge. The Court sustains the objection to Trevino's testimony regarding his employee's confusion, because he was not present during the conversation. However, the objection to his testimony regarding customer confusion is overruled. Trevino testified to being present on the sales floor when customers confused the parties' helmets. Movants also object to Kashare's testimony regarding Mr. Hinz's confusion over a sweatshirt containing a One Industries' logo, because he does not have personal knowledge as to why Hinz was confused and he does not describe the markings on the shirt. However, Mr. Mescher testifies that the design on the shirt was the One Industries' logo "they use today." Mescher Depo. at 29:6. Because Mescher's testimony about the conversation, for which he was present, provides sufficient information to cure any deficiencies of Kashare's testimony, the Court overrules the objection.

Movants also argue the evidence of actual confusion relates to the "Angular O" mark that was not used by O'Neal until five years after the "One Icon" mark was used by One Industries. As such, Movants argue, the "One Icon" mark has seniority over the O'Neal "Angular O" mark. Movants further argue the calls regarding the confusion over the parties helmets coincided with a mistake by a retailer that listed the

One Industries "Kombat" helmet as the "O'Neal Kombat." Movants argue this demonstrates O'Neal's evidence of actual confusion has nothing to do with confusion regarding the trademarks. This Court agrees with One Industries.

O'Neal presents evidence of confusion. However, the relevant admissible evidence demonstrates the confusion occurred after the use of the "Angular O" mark. Trevino's testimony regarding customer confusion happened within the year prior to his deposition which was taken on May 7, 2007. See Trevino Depo. at 17:4 - 14. Additionally, Mescher testifies that the incident with the design on Mr. Hinz's shirt occurred 36 top 48 months before the date of the deposition which was taken on May 1, 2007. O'Neal began using the "Angular O" mark in December 2003, five years after One Industries began using the "One Icon" mark and well before the two incidents of confusion. Accordingly, the Court finds this factor weighs against finding of confusion between the "One Icon" mark and the "Rounded O" mark.

7. Likelihood of Expansion into Other Markets

Movants maintain there is no evidence of further expansion that might bring the two companies into direct competition with regard to future product lines. O'Neal does not address this factor. The Court gives little weight to this factor.

8. Degree of Care Likely to be Exercised by Purchasers

Movants contend the degree of care likely to be exercised by the purchaser varies by product. They

suggest although t-shirts are inexpensive, the highly image-conscious industry may still have strong brand differentiation. They further contend consumers are more likely to exercise a higher degree of care for items such as helmets.

The Court finds that a customer may not be as discerning when purchasing less expensive items such as t-shirts, but the higher price of the helmets would involve a higher degree of care by purchasers.

9. Conclusion

The Court finds there is no genuine issue of material fact with respect to the likelihood of confusion factors. Again, this Court finds the dissimilarity of the marks, along with the lack of actual evidence of confusion and lack of evidence of intent to confuse consumers weighs heavily in support of finding no actual confusion and is not overcome by the relative strength of O'Neal's mark, the relatedness of the parties' goods and similar marketing channels. Accordingly, Movants are entitled to judgment as a matter of law on this claim.

II. Trade Dress Infringement

O'Neal alleges One Industries' trade dress for its helmets is confusingly similar, and therefore infringes on O'Neal's trade dress. Amended Counterclaim at 16. O'Neal also alleges Boinnard authorized and directed

the activities of One Industries with respect to the trade dress and is therefore personally liable. Amended Third Party Complaint at 13. It asserts it is the owner of "distinctive trade dress for motocross helmets" that feature "the word "O'Neal" in a slight slant across the lower part of the helmet in bold typface." Amended Counterclaim at 11. The helmets are shown below.

To sustain a trade dress infringement claim, the plaintiff must prove (1) its claimed dress is nonfunctional; (2) its claimed dress serves a source-identifying role, because it is either inherently distinctive or has acquired secondary meaning and (3) the infringer's product creates a likelihood of confusion. Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1258 (9th Cir. 2001).

Movants argue O'Neal has not and cannot claim exclusive right to placement of a logo on the chin bar area of a helmet. They further argue it is unclear which O'Neal logo is at issue, because in the Amended Counterclaim it shows the angular O'Neal logo introduced in 2003. However the referenced exhibit shows the rounded O'Neal logo introduced in 1997. They maintain the analysis of likelihood of confusion is the same as with the O'Neal's trademark claim.

O'Neal maintains they have established evidence of actual confusion in regard to the helmets as discussed in their trademark claims. The confusion, it maintains, is a result of the total design, including size, shape, color combinations, graphics, trademarks and placement of trademarks on the helmet. O'Neal maintains its trade dress is not related to the use or purpose of the article, rather, it is the way in which One Industries copied the logo placement and style such that there has been actual confusion. Thus, O'Neal argues, its trade dress is non-functional. Additionally, O'Neal argues the trade dress serves a source-identifying role, because they contain strong marks, highly recognized in the motocross industry.

In reply, One Industries argues O'Neal has not identified the allegedly infringed trade dress. Movants maintain O'Neal cannot, and does not claim the use of any logo at a slight slant on the chin bar infringes its trade dress. Thus, they argue, the trade dress claim is the same as the claim for infringement of the "O'NEAL" mark.

O'Neal bears the burden of proof on the issue of non-functionality. Rachel v. Banana Republic, Inc., 831 F.2d 1503, 1506 (9th Cir. 2001). A product feature is function and "cannot serve as a trademark, if it is essential to the use or purpose" of the product or "it affects the cost or quality of the" product or "if exclusive use of the feature would put competitor at a significant non-reputation-related disadvantage." Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. 159, 165 (1995). One Industries does not dispute the logo placement is non-functional.

O'Neal must also demonstrate its claimed dress serves a source-identifying role. O'Neal contends the dress serves a source-identifying role because the "O'NEAL" mark and the "O' " mark are strong marks and highly recognized in the motocross industry. It essentially argues the claimed dress has acquired secondary meaning. A product's trade dress has secondary meaning when "the purchasing public associates the dress with a particular source." Fuddruckers, Inc. v. Doc's B.R. Others, Inc., 826 F.2d 837, 843 (9th Cir. 1987). Secondary meaning may be demonstrated by direct evidence, such as consumer surveys and testimony, see Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352 (9th Cir. 1985), or circumstantial evidence such as exclusivity, manner and length of use, amount and manner of advertising, amount of sales and the number of customers, and established place in the market. See Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc., 198 F.3d 1143 (9th Cir. 1999). O'Neal offers no evidence to support its contention that the claimed dress has acquired secondary meaning.[7]

Having determined O'Neal fails to establish its trade dress serves a source identifying role, the Court finds O'Neal fails to demonstrate a genuine issue as to the trade dress claim. One Industries is entitled to judgment on the trade dress claim.

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[7] In the introduction to its opposition, O'Neal provides information on its sales, and the amount expended in advertising, but fails to address this "evidence" in the context of the trade dress claim. This Court declines to make the arguments on O'Neal's behalf.

III. Unfair Competition

O'Neal alleges One Industries' and Boinnard's unlawful use of confusing similar trademarks and trade dress constitutes unfair competition under California Business Professions Code § 17200. Amended Counterclaim at 17; Amended Third Party Complaint at 19.

California Business and Professions Code § 17200 defines unfair competition to include "any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising . . ."

Movants argue if judgment of non-infringement is entered, the claims for unfair competition, which are based on the infringement claims, must also fail. O'Neal maintains it has proven confusion to sustain its unfair competition claim, as retailers have noted customers seek to purchase helmets from O'Neal, including the "Rockstar" helmet, the "Kombat" helmet and the "Monster" helmet which are all helmets made by One Industries.

Because the Court finds no evidence of infringement, the unfair competition claim based upon the infringements claims fail. One Industries is entitled to judgment as to O'Neal's unfair competition claim.

IV. Cancellation Claims

O'Neal seeks to cancel, in the Third Party Complaint, Boinnard's Trademark Registration Nos. 2831709, 2831710, 2946193, 2894616, and 2970422. It

argues the trademarks are likely to cause confusion with O'Neal's "O'" mark and the "O'NEAL" logo, which predates Boinnard's trademarks.

Movants argue if the trademark infringement and trade dress infringement claims fail, the cancellation of the trademarks claims should also fail, because they are based upon the likelihood of confusion. O'Neal argues it will be damaged by the trademarks listed above and the "One Icon" mark and "One Angular" mark.

Based upon the discussion of infringement above, the Court finds Boinnard is entitled to judgment as to the claim seeking cancellation of Trademark Registration Nos. 2894616, 2970422, 2831709, 2831710 and 2946193.

V. Attorney Fees and Costs

Movants seek attorney fees pursuant to 15 U.S.C. § 1117(a). They argue O'Neal's counsel sent a cease and desist letter on May 11, 2006, stating One Industries was infringing on its slanted O' mark which was in use for "over a decade." Movants Exh. T at 285, Letter from Joe Landau to Ludovic Boinnard. However, One Industries argues the statement was false, because the mark had been used only since December 2003. Movants further maintain O'Neal's next correspondence included the following language:

> We have a lot of evidence to support this [use of the "O" mark since 1993], and we will gladly shower you with it in discovery. No doubt your client will delight in the costs of studying 13

> years worth of evidence, and making thousands of pages of copies.

Movants Exh. T at 293, Letter from Steven Sereboff to Jonathan Hangartner. Movants further argue the litigation confirms the case is not about redress of legitimate grievances, because O'Neal has asserted a frivolous position that they have the exclusive right to use an "O" mark although many other companies use an "O" for their logos.

O'Neal argues this is not an exceptional case in which an award of attorney fees is warranted. O'Neal maintains its claims are reasonable and pursued in a good faith effort to stop the infringement. It maintains the cease and desist letter was drafted by former counsel. Additionally, O'Neal contends it is One Industries who has wasted valuable time and money in pursuing frivolous leads in this action. As such, O'Neal seeks an award of attorney fees.

A court may award reasonable attorney fees in trademark infringement cases to the prevailing party in exceptional cases. 15 U.S.C. § 1117(a). The Court does not find this qualifies as an "exceptional case" warranting and award of attorney fees. Accordingly, the parties' requests for attorney fees are DENIED.

CONCLUSION AND ORDER

Based on the foregoing, **IT IS HEREBY ORDERED:**

1. Plaintiff/Counter-Defendant's motion for summary judgment (Doc. No. 43) is **GRANTED.**

2. Plaintiff/Counter-Defendant's request for attorney fees is **DENIED.**

3. Defendant/Counter-Claimant's request for attorney fees is **DENIED**.

4. Defendant/Counter-Claimant's (Doc. No. 36) motion for leave to file the amended third party complaint one day late is **DENIED as moot**.

DATED: February 14, 2008

/s/ John A. Houston
JOHN A. HOUSTON
United States District Judge

APPENDIX C

AO 450 Judgment in a Civil Case

United States District Court
SOUTHERN DISTRICT OF CALIFORNIA

CASE NUMBER: 06CV1133-JAH(AJB)

[Filed February 14, 2008]

One Industries, LLC	)
	)
V.	)
	)
Tim O'neal Distributing, Inc.	)
	)

JUDGMENT IN A CIVIL CASE

☐ **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

☒ **Decision by Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED that Plaintiff's/Counter-Defendant's and Third Party Defendant's motion for summary judgment is granted.

February 14, 2008 — Date

W. Samuel Hamrick, Jr. — Clerk

s/J. Petersen
(By) Deputy Clerk

ENTERED ON February 14, 2008

06CV1133-JAH(AJB)

APPENDIX D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

Civil No. 06CV1133 JAH(AJB)

[Filed May 29, 2007]

ONE INDUSTRIES, LLC, a limited liability company,

Plaintiff,

v.

JIM O'NEAL DISTRIBUTING, INC., a corporation,

Defendant.

AND ALL RELATED COUNTERCLAIMS AND THIRD-PARTY COMPLAINTS.

ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFF'S MOTION TO DISMISS AND FOR MORE DEFINITE STATEMENT [DOC. # 11]; AND GRANTING IN PART AND DENYING IN PART THIRD PARTY DEFENDANTS LUDOVIC BOINNARD AND MARC BLANCHARD'S MOTION TO

DISMISS AND FOR MORE DEFINITE STATEMENT [DOC. # 13]

INTRODUCTION

Currently pending before the Court are the motions filed by plaintiff One Industries, LLC ("One Industries") and third party defendants Ludovic Boinnard ("Boinnard") and Marc Blanchard ("Blanchard")(collectively "third party defendants") to dismiss, in part, the counterclaims and the third party complaint filed by Jim O'Neal Distributing, Inc. ("O'Neal"). The motions have been fully briefed by all parties. After a careful consideration of the pleadings and relevant exhibits submitted, and for the reasons set forth below, this Court GRANTS IN PART and DENIES IN PART One Industries' motion to dismiss and for more definite statement and GRANTS IN PART and DENIES IN PART third party defendants' motion to dismiss and for more definite statement.

BACKGROUND

One Industries markets and distributes motorcycle racing products. O'Neal manufactures and distributes motorcycle and bicycle related products. O'Neal claims ownership of various trademarks for multiple variations of the marks O'Neal and O' that appear on its products. One Industries is a licensee of products that use two marks referred to in the complaint as the "One Icon Mark" and the "One Angular Mark" which are owned by third party defendants Blanchard and Boinnard. In the instant complaint, filed on May 25, 2006, One Industries seeks a declaratory judgment of non-infringement of O'Neal's trademark rights and a

declaration of no unfair competition as it relates to One Industries' marketing.

On August 21, 2006, O'Neal filed an answer to the complaint and alleged six counterclaims for trademark and trade dress infringement and unfair competition. On September 5, 2006, O'Neal filed a third party complaint against Boinnard and Blanchard, alleging nine causes of action. One Industries, on September 13, 2006, filed its motion to dismiss three of O'Neal's counterclaims and for a more definite statement of two other counterclaims. Third party defendants filed their motion to dismiss on September 26, 2006, seeking dismissal of various causes of action alleged in the third party complaint as well as for a more definite statement concerning other causes of action. O'Neal filed its oppositions to each of the motions on October 26, 2006 and the moving parties' replies were filed on November 2, 2006. This Court subsequently took both motions under submission without oral argument. *See* CivLR 7.1 (d. 1).

DISCUSSION

Both One Industries and third party defendants move to dismiss the various counterclaims and causes of action for failure to state a claim upon which relief may be granted pursuant to Federal Rule of Civil Procedure 12(b)(6) and for a more definite statement pursuant to Federal Rule of Civil Procedure 12(e).

1. Legal Standards

a. Fed.R.Civ.P. 12(b)(6)

A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) tests the sufficiency of the complaint. Navarro v. Block, 250 F.3d 729, 732 (9th Cir. 2001). Dismissal of a claim under this Rule is appropriate only where "it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." Conley v. Gibson, 355 U.S. 41, 45-46 (1957); Navarro, 250 F.3d at 732. Dismissal is also warranted under Rule 12(b)(6) where the complaint lacks a cognizable legal theory. Robertson v. Dean Witter Reynolds, Inc., 749 F.2d 530, 534 (9th Cir. 1984); *see* Neitzke v. Williams, 490 U.S. 319, 326 (1989) ("Rule 12(b)(6) authorizes a court to dismiss a claim on the basis of a dispositive issue of law."). Alternatively, a complaint may be dismissed where it presents a cognizable legal theory yet fails to plead essential facts under that theory. Robertson, 749 F.2d at 534.

In reviewing a motion to dismiss under Rule 12(b)(6), the court must assume the truth of all factual allegations and must construe all inferences from them in the light most favorable to the nonmoving party. Thompson v. Davis, 295 F.3d 890, 895 (9th Cir. 2002); Cahill v. Liberty Mut. Ins. Co., 80 F.3d 336, 337-38 (9th Cir. 1996). However, legal conclusions need not be taken as true merely because they are cast in the form of factual allegations. Ileto v. Glock, Inc., 349 F.3d 1191, 1200 (9th Cir. 2003); Western Mining Council v. Watt, 643 F.2d 618, 624 (9th Cir. 1981). When ruling on a motion to dismiss, the Court may consider the facts alleged in the complaint, documents attached to

the complaint, documents relied upon but not attached to the complaint when authenticity is not contested, and matters of which the Court takes judicial notice. Lee v. City of Los Angeles, 250 F.3d 668, 688-89 (9th Cir. 2001).

b. Fed.R.Civ.P. 12(e)

Rule 12(e) of the Federal Rules of Civil Procedure states, in relevant part:

> If a pleading to which a responsive pleading is permitted is so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading, the party may move for a more definite statement before interposing a responsive pleading. The motion shall point out the defects complained of and the details desired.

Fed. R. Civ. P. 12(e). Rule 12(e) motions are disfavored and rarely granted. United States v. Sequel Contractors, 402 F. Supp.2d 1142, 1147 (C.D. Cal. 2005) (citing Margarita Cellars v. Pacific Coast Packaging, Inc., 189 F.R.D. 575, 578 (N.D. Cal. 1999)). The Court must evaluate a motion for more definite statement in conjunction with the liberal pleading standards of the Federal Rules of Civil Procedure. Bureerong v. Uvawas, 922 F. Supp. 1450, 1461 (C.D. Cal. 1996). Unless the complaint at issue is unintelligible and not merely lacking in detail, "[the] court will deny the motion where the complaint is specific enough to apprise the defendant of the substance of the claim being asserted." Beery v. Hitachi Home Elecs. (Am.), Inc., 157 F.R.D. 477, 480 (C.D. Cal 1993). Courts will grant a Rule 12(e) motion

"only when the pleading is so vague or ambiguous that the opposing party cannot respond, even with a simple denial, in good faith or without prejudice to himself." Delta Educ., Inc. V. Langlois, 719 F. Supp. 42, 50 (D.N.H. 1989). Accordingly, a Rule 12(e) motion "should not be granted unless the defendant literally cannot frame a responsive pleading." Bureerong, 922 F. Supp. at 1461.

2. Analysis

a. One Industries' Motions

1. Motion to Dismiss

One Industries moves to dismiss O'Neal's counterclaims for trade dress infringement under 15 U.S.C. § 1125 (count three), false designation of origin under 15 U.S.C. § 1125 (count four), and unfair competition (count six) for failure to state a claim under Rule 12(b)(6). However, One Industries, in its reply brief, withdrew its motion to dismiss count three. *See* Doc. # 19 at 1 n.l. The remaining two counts challenged by One Industries are addressed below.

A. False Designation of Origin

One Industries moves to dismiss O'Neal's counterclaim for false designation of origin under section 42(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125, on the grounds that O'Neal does not have standing to allege the claim.[1]

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[1] One Industries also moves for dismissal due to O'Neal's failure to allege all necessary elements of this claim. Because this Court

15 U.S.C. § 1125(a) provides, in pertinent part, that:

> (1) Any person who . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which --
>
> > (A) is likely to cause confusion, or to cause mistake, or the deceive as to the affiliation, connection, or association of such person with another person . . .
>
> shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

15 U.S.C. § 1125(a)(1)(A).

One Industries argues that O'Neal must allege "'commercial injury based upon the deceptive use of a trademark or its equivalent to satisfy standing requirements'" to seek relief for false designation of origin under 15 U.S.C. § 1125. Doc. # 11 at 5. One Industries further argues that, because the owners of the One Icon and One Angular Marks are third party defendants Boinnard and Blanchard, they are "the only parties that could possibly suffer injury" based on the facts alleged in this case. Id. at 6. In opposition, O'Neal contends it need not allege its injury stemmed from the deceptive use of a trademark to have

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ultimately finds the facts alleged by O'Neal does not support standing to sue on this claim, this Court will not address One Industries' remaining argument.

standing because the statute does not require it. Doc. # 16 at 6. One Industries responds that the counterclaim at issue is "based exclusively on the allegation that 'One Industries improperly represented itself as a source of [the One Icon and One Angular Marks] in its allegations of infringement against O'Neal.'" Doc. # 19 at 2 (quoting Ans. ¶ 92). One Industries points out that the only factual allegation supporting this claim is O'Neal's reference to a May 16, 2006 letter between counsel for the parties, which, according to One Industries, "provides no possible basis to allege any commercial injury that could support its counterclaim." Id. at 2-3.

This Court's review of O'Neal's false designation counterclaim reveals One Industries is correct. O'Neal clearly alleges, in its answer and counterclaims, that its damage stemmed solely from private correspondence between counsel. This Court finds that there is no possibility that O'Neal might suffer injury based solely on the representation of counsel in a letter to opposing counsel. Therefore, this Court finds that the facts alleged by O'Neal are insufficient to support standing to sue for false designation of origin under Section 1125. Accordingly, One Industries' motion to dismiss count four of O'Neal's counterclaims is GRANTED.

B. Unfair Competition

One Industries next moves to dismiss O'Neal's sixth counterclaim for unfair competition under California Business and Professions Code § 17200, which is based on allegations of monopoly and restraint of trade. One Industries argues that the counterclaim fails to state a claim upon which relief

may be granted because O'Neal fails to allege facts to support the claim. Doc. # 11 at 7. Specifically, One Industries explains that an unfair competition claim must derive from a violation of the antitrust laws and argues O'Neal fails to allege facts to support such a violation. Id. at 7-8 (citing Cel-Tech Com., Inc. v. Los Angeles Cellular Tel. Co., 20 Cal.4th 163, 186 (1999)).

California Business and Professions Code §§ 17200 defines unfair competition to include "any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising . . . ." Cal.Bus.& Prof. Code § 17200. Section 17203 provides:

> Any person who engages, has engaged, or proposes to engage in unfair competition may be enjoined in any court of competent jurisdiction. The court may make such orders or judgments, . . . as may be necessary to restore to any person in interest any money or property, real or personal, which may have been acquired by means of such unfair competition.

Cal.Bus.&Prof. Code § 17203. O'Neal contends its allegations counsel represented, in the May 16, 2006 letter, that One Industries intended to enforce trademarks it does not own nor have standing to sue to enforce is sufficient to state a claim for unfair competition and no further allegation is necessary. Doc. # 16 at 7-8. O'Neal also contends that misuse of trademark is, nevertheless, considered an antitrust violation. Id. at 8.

In reply, One Industries asserts it cannot be held liable under Section 17200 because it never filed an

action for infringement or sought to enforce any trademark rights and, thus, has not attempted enforcement as a matter of law. Doc. # 19 at 4-5. This Court is not persuaded that the representations of counsel in the May 16, 2006 letter cannot be considered an attempt to enforce trademark rights to the marks at issue. This Court must, pursuant to Rule 12(b)(6), view the facts alleged as true and construe all inferences in the light most favorable to the non-moving party. *See* Thompson, 295 F.3d at 895; Cahill, 80 F.3d 336 at 337-38. Thus, O'Neal's allegations that counsel's May 16, 2006 representations were an attempt to enforce trademark rights to the marks at issue must be viewed as true. Therefore, One Industries' contention on that basis fails.

One Industries further asserts that, even if the May 16, 2006 letter is considered an attempt to enforce trademark rights, misuse of trademarks can only be an antitrust violation if it is brought as an affirmative defense against anti-competitive behavior. Doc. # 19 at 6 (citing Carl Zeiss Steiftung v. V.E.B. Carl Zeiss, Jena., 298 F.Supp. 1309, 1315 (S.D.N.Y. 1969)). The California Supreme Court defines the word "unfair" as used in Section 17200 to mean "conduct that threatens an incipient violation of an antitrust law, or violates the policy or spirit of one of those laws ... or otherwise significantly threatens or harms competition." Cel-Tech, 20 Cal.4th at 187. Thus, One Industries is correct in its position that O'Neal must allege an antitrust violation to state a claim under Section 17200. O'Neal claims that trademark misuse is considered an antitrust violation and cites various cases that have found instances where such a consideration is proper. *See* Doc. # 16 at 8-9. Although

One Industries attempts to distinguish the cases cited by O'Neal, again, this Court is required to construe all inferences in the light most favorable to O'Neal. *See* Thompson, 295 F.3d at 895; Cahill, 80 F.3d 336 at 337-38. This Court, therefore, cannot, at this juncture, find definitively that the facts of this case are not one of the instances where trademark misuse should not be considered an antitrust violation. Accordingly, One Industries' motion to dismiss on this basis is DENIED,

2. Motion for More Definite Statement

One Industries also moves for a more definite statement of count two seeking redress under 15 U.S.C. §§ 1114 and 1125 for trademark infringement of its O' mark and count five seeking redress under the California Business and Professions Code § 17200. According to One Industries, O'Neal's counterclaim describe five different and distinct O' marks used by O'Neal over the past fifteen years. Doc. # 11 at 9. One Industries contends it cannot frame a responsive pleading to the allegations presented in these two claims because O'Neal fails to identify which of its distinctive marks are alleged to have been infringed. Id. In addition, One Industries contends this identification failure undermines O'Neal's claim for unfair competition, which alleges "One Industries' unlawful use of confusingly similar trademarks . . . constitutes unfair competition . . .," Ans. ¶ 96, presented in count five because "One Industries is left to guess which underlying claim or claims are invoked to support this unfair competition claim." Doc. # 11 at 9.

In opposition, O'Neal takes issue with One Industries' characterization of its O' mark as multiple

separate marks, claiming it has used only one O' mark that has "changed slightly over the years." Doc. # 16 at 9. Nevertheless, O'Neal contends that a more definite statement is unnecessary because its claims for trademark infringement of the O' mark and unfair competition "are plainly specific enough to apprise One Industries of the substance of the claim being asserted." Id. at 10. O'Neal further contends that no further statement is necessary given the "well-settled law that a party is entitled to modify a mark over the years if the change neither creates a new mark nor changes the commercial impression created by the old, especially where the only change concerned is lettering style." Id. at 11.

One Industries, in reply, contends that a trademark infringement claim requires "an assessment of 'whether a reasonably prudent consumer in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks.'" Doc. # 19 at 7 (quoting AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979)(additional internal quotation marks omitted). Thus, according to One Industries, the identification of the mark alleged to have been infringed is "crucial" in determining likelihood of confusion Id. One Industries, in support of its contention, provides a table graphically depicting the five "distinct and very different" marks alleged to have been infringed in O'Neal's counterclaims to support its contention that it cannot form a response based on the allegations presented. *See* id. at 7-8. One Industries argues that "[e]ven a cursory inspection makes clear that, as a matter of law, this is not a single mark," since the "shape, font, orientation, placement, and color of the marks have all changed dramatically over the years" and, given the fact that "O'Neal has sought

at least two separate trademark registrations with respect to the [ ] identified marks."

This Court agrees with One Industries. A careful review of the counterclaims reveals that it is unclear which of the O'marks identified are alleged to have been infringed. This Court is unpersuaded by O'Neal's claim that it uses only one mark that has been slightly altered over the years because two of the marks alleged to be one have been registered separately and the marks presented appear to this Court to be more than just slightly different. Therefore, this Court finds that, in order for One Industries to form a proper response to the allegations contained in counts two and five, O'Neal must provide a more definite statement concerning the mark alleged to have been infringed. Accordingly, One Industries' motion for a more definite statement of counts two and five of O'Neal's counterclaims is GRANTED.

b. Third Party Defendants' Motion

1. Motion to Dismiss

Third party defendants Blanchard and Boinnard move to dismiss certain portions of O'Neal's third party complaint. Specifically, third party defendant Blanchard moves to dismiss all allegations against him which are contained in counts four through eight and both third party defendants move to dismiss O'Neals claims for cancellation of trademark registration contained in counts seven and eight for failure to state a claim upon which relief may be granted. In their reply brief, third party defendants withdrew their motion to dismiss O'Neal's trade dress infringement claims presented in count three of the third party

complaint. *See* Doc. # 20 at 1 n. 1.[2] This Court address the remaining contentions below.

A. Third Party Defendant Blanchard

Third party defendant Blanchard separately moves to dismiss all claims against him because the complaint does not contain allegations of any individual action by Blanchard in regards to the alleged infringement of the intellectual property at issue. Doc. # 13 at 4-5. Blanchard claims that "[a] corporate officer may be held personally liable for trademark infringement 'in which he participates, notwithstanding that he acted as an agent of the corporation and not on his own behalf'" but a complaint must allege that "individual 'directs, controls, ratifies, participates in, or is the moving force behind the infringing activity. . .'" Id. at 4 (quoting Committee for Idaho's High Desert, Inc. v. Yost, 92 F.3d 814, 824 (9th Cir. 1996); Babbit Electronics, Inc.

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[2] Third party defendants state, in this footnote, that "One Industries hereby withdraws its motion to dismiss Count III" concerning trade dress infringement based on the clarification made by O'Neal in its opposition. Doc. # 20 at 1 n. 1. This Court is mindful that One Industries and third party defendants are represented by the same counsel and filed their respective pleadings simultaneously containing identical footnotes. *See* id.; *compare* Doc. # 19 at 1 n. 1. This Court is also mindful that third party defendants present no argument in reply concerning count three of the third party complaint which alleges trade dress infringement. This Court assumes the error in third party defendants' reply brief is merely typographical and, therefore, construes the statement as a withdrawal by third party defendants of their motion to dismiss count three of the third party complaint.

v. Dynascan Corp., 38 F.3d 1161, 1181 (11th Cir. 1994)).

Blanchard explains that, although third party defendant Broinnard, co-founder and current president of One Industries, is alleged to have " 'authorize[d] and direct[ed] One Industries to use' " the marks at bar "'in conjunction with distribution and sales of motocross related products . . .,'" no such allegations are presented in regards to Blanchard. Id. at 2 (quoting TPC[3] ¶¶ 27, 28). Therefore, absent the requisite allegations of individual action on Blanchard's part, Blanchard contends the third party complaint's allegations against him on all causes of action must be dismissed. Id. at 5.

In opposition, O'Neal contends it is sufficient that the third party complaint alleges Blanchard is a co-owner of the infringing marks in order to confer liability upon him. Doc. # 18 at 3. O'Neal claims that, as long as it can reasonably be inferred that "Blanchard knew, or should have known, about the infringing uses of the [marks]" . . . through his co-owner Boinnard," the third party complaint states a claim for trademark and trade dress infringement as well as the related unfair competition claim. Id. Blanchard contends, in reply, there is no authority for O'Neal's proposition that "'mere ownership is enough to confer liability.'" Doc. # 20 at 2 (quoting Doc. # 18 at 3).

Although both parties cite various cases that purport to support their respective positions, *see* Doc.

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[3] The third party complaint is referenced herein as "TPC."

18 at 3; Doc. # 20 at 2-3, this Court's review of the case authority cited, as well as its own independent research in this area, reveals that Blanchard's position is the correct one. The cases cited by O'Neal do not support the contention that simple ownership is enough to impose liability upon Blanchard absent some concrete action or intentional act on his part. *See, e.g.*, Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844, 854 (1982)(liability may be imposed upon manufacturer if it "intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement. . ."); Mini Maid Services Co. v. Maid Brigade Systems, Inc., 967 F.2d 1516, 1522 (11th Cir. 1992)("we hold that the franchisor may be held accountable only if it intentionally induced its franchisees to infringe another's trademark or if it knowingly participated in a scheme of trademark infringement carried out by its franchisees."). The third party complaint here alleges no concrete action or intentional act concerning the alleged infringement of the marks by Blanchard. Therefore, this Court finds that the third party complaint fails to state a claim upon which relief may be granted against third party defendant Blanchard for trademark or trade dress infringement as well as the related claim for unfair competition. Accordingly, third party defendant Blanchard's motion to dismiss the third party complaint's allegations against him in its entirety is GRANTED and the claims against third party defendant Blanchard contained in counts four through eight are DISMISSED without prejudice.

B. Cancellation of Trademark Registration

Third party defendants[4] move to dismiss the allegations concerning cancellation of trademark registration contained in counts four through eight in the third party complaint. *See* Doc. # 13 at 6-7. Third party defendants point out that O'Neal's allegations are brought under the Lanham Act, 15 U.S.C. § 1064, but that section "'does not authorize suits for cancellation in district courts'" but, instead "authorizes persons to petition the Patent and Trademark Office to cancel registration of those marks." Id. at 7 (quoting Windsurfing International, Inc. v. AMF, Inc., 828 F.2d 755, 758 (Fed.Cir. 1986)). O'Neal, in opposition, contends this Court has "concurrent jurisdiction to trademark cancellation proceedings and routinely consider trademark cancellations under [section 10641." Doc. # 18 at 7(citing cases). In addition, O'Neal distinguishes the instant case from the Windsurfing case, noting that, in Windsurfing, the court found no jurisdiction to consider trademark cancellation because there, unlike in this case, no justiciable trademark infringement controversy existed. Id.

Third party defendants state, in reply, that they do not dispute O'Neal's basis for cancellation or O'Neal's standing to seek cancellation. Doc. # 20 at 4. Third party defendants also indicate they do not dispute the district courts have concurrent jurisdiction with the United States Patent and Trademark office in regards

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[4] Because this Court dismisses third party defendant Blanchard, the remainder of the order relates only to third party defendant Boinnard even though the Court references both third party defendants as the moving parties.

to cancellation proceedings. Id. Third party defendants contend, however, that the section of the Lanham Act that O'Neal brings its claims under is "limited to authorizing *inter partes* proceedings and does not establish a cause of action to seek cancellation." Id. at 4-5. Therefore, third party defendants contend that, absent proper amendment, O'Neal's allegations fail to state a claim. Id.

This Court disagrees with third party defendants. As the Windsurfing court explained:

> district courts have the power to cancel registrations, but only in an 'action involving a registered mark. 15 U.S.C. § 1119. 'Involving' cannot mean the mere presence of a registered trademark, but must be read as involving the right to use the mark and thus the right to maintain the registration. [internal citations omitted]. There must, therefore, be something beyond the mere competitor status of the parties to serve as a basis for the court's jurisdiction. . . Such a basis may, for example, be a suit for trademark infringement . . . or a 'case of actual controversy' referred to in the Declaratory Judgment Act.

828 F.2d at 758. The third party complaint here clearly contains allegations of trademark and trade dress infringement. Third party defendants cannot and do not dispute that there is live case or controversy concerning those issues. Thus, this Court finds it has jurisdiction to consider trademarkcancellation under Section 1064. Therefore, third party defendants' motion to dismiss O'Neal's claims concerning

cancellation of trademark registration under Section 1064 is DENIED.

2. Motion for More Definite Statement

Lastly, third party defendants move for a more definite statement of O'Neal's second, fourth, fifth, sixth and ninth causes of action for the same reasons presented in support of One Industries' motion under Rule 12(e), that is, that the complaint contains allegations concerning five different and distinct logos identified as the O' mark . The arguments presented by the parties in support and opposition to One Industries' motion are almost identical to those presented here. After a careful consideration of the arguments and authority presented, this Court is also unpersuaded by O'Neal's claim in response to third party defendants' motion that it uses only one mark for the same reasons presented previously. Therefore, this Court finds that, in order for third party defendants to form a proper response to the allegations contained in counts two, four, five, six and nine of O'Neal's third party complaint, O'Neal must provide a more definite statement concerning the mark alleged to have been infringed. Accordingly, third party defendants' motion for a more definite statement under Rule 12(e) is GRANTED.

CONCLUSION AND ORDER

Based on the foregoing, IT IS HEREBY ORDERED that:

1. One Industries' motion to dismiss and for a more definite statement is **GRANTED IN PART** and **DENIED IN PART** as follows:

a. One Industries' motion to dismiss count four of O'Neal's counterclaims is **GRANTED;**

b. One Industries' motion to dismiss O'Neal's sixth counterclaim for unfair competition under California Business and Professions Code § 17200 is **DENIED;** and

c. One Industries' motion for a more definite statement of counts two and five of O'Neal's counterclaims is GRANTED.

2. Third party defendants Blanchard and Boinnard's motion to dismiss and for a more definite statement is **GRANTED IN PART** and **DENIED IN PART** as follows:

a. Third party defendants' motion to dismiss all claims against third party defendant Blanchard is **GRANTED** and all claims against third party defendant Blanchard are hereby **DISMISSED without prejudice;**

b. Third party defendants' motion to dismiss O'Neal's claims for cancellation of trademark registration pursuant to 15 U.S.C. § 1064 is **DENIED;** and

c. Third party defendants' motion for a more definite statement of counts two, four, five, six and nine of the third party complaint is **GRANTED.**

3. One Industries' and third party defendants' motions to dismiss O'Neal's trade dress

infringement claims are **WITHDRAWN** based on the parties' representations in their respective reply briefs.

This Court notes that neither One Industries nor third party defendants seek dismissal with prejudice nor indicate that an amendment of the counterclaims or third party complaint is unwarranted. Although a scheduling order has issued, this case is currently in the midst of discovery and the pretrial conference is scheduled to take place in November 2007. There does not appear, from the record currently before this Court, that any party will be severely prejudiced by allowing O'Neal the opportunity to correct the deficiencies outlined herein through amendment of its pleadings.

Therefore, IT IS FURTHER ORDERED that O'Neal may file amended counterclaims and/or an amended third party complaint within thirty (30) days of the date this Order is filed. Counter-defendants and third party defendants shall file their respective responsive pleadings to any amended pleadings filed by O'Neal in accordance with the Federal Rules of Civil Procedure and the Local Rules of this District.

Dated: May 29, 2007

/s/ Hon. John A. Houston
HON. JOHN A. HOUSTON
United States District Judge

APPENDIX E

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 08-55316
D.C. No. CV-06-01133-JAH
Southern District of California, San Diego

[Filed October 6, 2009]

ONE INDUSTRIES, LLC, a limited liability company,

Plaintiff-counter-defendant-Appellee,

v.

JIM O'NEAL DISTRIBUTING, INC., a corporation,

Defendant-counter-claim-3rd-party-plaintiff-Appellant,

v.

MARC BLANCHARD; LUDOVIC BOINNARD,

Third-party-defendants-Appellees.

ORDER

Before: NOONAN, O'SCANNLAIN, and GRABER, Circuit Judges.

The panel has voted to deny the petition for rehearing and the petition for rehearing en banc. Judges O'Scannlain and Graber vote to deny the petition for rehearing en banc and Judge Noonan so recommends. Judges Noonan and O'Scannlain vote to deny the petition for rehearing. Judge Graber votes to grant the petition for rehearing. The full court has been advised of the petition for rehearing en banc and no active judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for rehearing and the petition for rehearing en banc are DENIED.

APPENDIX F

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 08-55316
D.C. No. CV-06-01133-JAH
Southern District of California, San Diego

[Filed October 21, 2009]

ONE INDUSTRIES, LLC, a limited liability company,	)
Plaintiff-counter-defendant-Appellee,	)
v.	)
JIM O'NEAL DISTRIBUTING, INC., a corporation,	)
Defendant-counter-claim-3rd-party-plaintiff-Appellant,	)
v.	)
MARC BLANCHARD; LUDOVIC BOINNARD,	)
Third-party-defendants-Appellees.	)

MANDATE

The judgment of this Court, entered 08/24/09, takes effect this date.

This constitutes the formal mandate of this Court issued pursuant to Rule 41(a) of the Federal Rules of Appellate Procedure. Costs awarded to Appellees in the amount of $552.20.

FOR THE COURT:

Molly C. Dwyer
Clerk of Court

By: Rhonda Roberts
Deputy Clerk